

ANNUAL BUDGET OF **UBUNTU LOCAL MUNICIPALITY**

2013/14 TO 2015/16 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

VISION

Ubuntu Municipality commit ourselves to be developmental and economically viable to ensure a better life for all"

MISSION

We strive to achieve — Effective and efficient service delivery — Optimal human and natural resource development — Local economic growth and development, job creation and poverty alleviation — A vibrant tourism industry — To participate in the fight to reduce the infection rate and lessen the impact of HIV/aids, alcohol abuse and other communicable diseases — A safe, secure and community friendly environment — To ensure sound and sustainable management of Financial and Fiscal affairs of the Municipality

Ubuntu Municipality



*menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage*

Copies of this document can be viewed:
In the foyers of all municipal buildings
All public libraries within the municipality

Table of Contents

PART 1 – ANNUAL BUDGET.....	1
1.1 MAYOR’S REPORT.....	1
1.2 COUNCIL RESOLUTIONS	2
1.3 EXECUTIVE SUMMARY	4
1.4 REVENUE ASSUMPTIONS	5
1.5 EXPENDITURE ASSUMPTIONS	7
1.6 OPERATING REVENUE FRAMEWORK	9
1.7 OPERATING EXPENDITURE FRAMEWORK.....	22
1.8 CAPITAL EXPENDITURE	27
1.9 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	29
2 PART 2 – SUPPORTING DOCUMENTATION	51
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	51
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	60
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	71
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	80
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	82
2.6 OVERVIEW OF BUDGET FUNDING	87
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	104
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	108
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	112
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	125
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	126
2.12 CAPITAL EXPENDITURE DETAILS	126
2.13 LEGISLATION COMPLIANCE STATUS	137
2.14 OTHER SUPPORTING DOCUMENTS.....	139
2.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	148

List of Tables

Table 1 Consolidated Overview of the 2013/14 MTREF	8
Table 2 Summary of revenue classified by main revenue source.....	9
Table 3 Percentage growth in revenue by main revenue source	10
Table 4 Operating Transfers and Grant Receipts	11
Table 5 Comparison of approved rates to levied for the 2013/14 financial year	14
Table 6 Proposed Water Tariffs	15
Table 7 Comparison between current water charges and increases (Domestic)	15
Table 8 Comparison between current electricity charges and proposed increases (Domestic)	16
Table 9 Comparison between current sanitation charges and increases.....	18
Table 10 Comparison between current sanitation charges and increases, single dwelling- houses.....	20
Table 11 Comparison between current waste removal fees and increases	21

Table 12 MBRR Table SA14 – Household bills.....	22
Table 13 Summary of operating expenditure by standard classification item	23
Table 15 2013/14 Medium-term capital budget per vote	28
Table 16 MBRR Table A1 - Budget Summary	30
Table 17 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	33
Table 18 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	35
Table 19 Surplus/(Deficit) calculations for the trading services	35
Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	37
Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	39
Table 22 MBRR Table A6 - Budgeted Financial Position	42
Table 23 MBRR Table A7 - Budgeted Cash Flow Statement	44
Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	44

Table 25 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	15 704	6 147	12 994	12 965	–	12 965	10 927	9 658	9 962
Infrastructure - Road transport	1 778	1 968	4 269	4 614	–	4 614	3 002	5 000	8 212
Infrastructure - Electricity	2 415	1 304	798	–	–	–	1 600	–	–
Infrastructure - Water	8 544	1 146	222	–	–	–	–	–	–
Infrastructure - Sanitation	635	610	4 428	–	–	–	–	–	–
Infrastructure - Other	–	–	488	5 336	–	5 336	4 675	4 658	1 750
Infrastructure	13 372	5 028	10 205	9 950	–	9 950	9 277	9 658	9 962
Community	–	–	221	1 560	–	1 560	1 650	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	2 288	1 119	2 558	1 455	–	1 455	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	44	–	10	–	–	–	–	–	–
Total Renewal of Existing Assets	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport	–	–	–	–	–	–	–	–	–
Infrastructure - Electricity	–	–	–	–	–	–	–	–	–
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	–	–	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	1 778	1 968	4 269	4 614	–	4 614	3 002	5 000	8 212
Infrastructure - Road transport	2 415	1 304	798	–	–	–	1 600	–	–
Infrastructure - Electricity	8 544	1 146	222	–	–	–	–	–	–
Infrastructure - Water	635	610	4 428	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	488	5 336	–	5 336	4 675	4 658	1 750
Infrastructure - Other	13 372	5 028	10 205	9 950	–	9 950	9 277	9 658	9 962
Infrastructure	–	–	221	1 560	–	1 560	1 650	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	2 288	1 119	2 558	1 455	–	1 455	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	44	–	10	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	15 704	6 147	12 994	12 965	–	12 965	10 927	9 658	9 962
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	20 472	19 950	22 276	25 964	–	24 255	24 269	26 349	31 473
Infrastructure - Electricity	15 188	15 869	15 995	14 310	–	15 359	16 285	15 571	14 816
Infrastructure - Water	30 159	30 429	29 617	29 672	–	28 678	27 740	26 686	25 572
Infrastructure - Sanitation	25 940	25 739	29 214	35 139	–	28 343	27 472	26 494	25 460
Infrastructure - Other	–	–	488	–	–	5 825	10 500	15 158	16 908
Infrastructure	91 759	91 989	97 590	105 086	–	102 461	106 266	110 258	114 229
Community	856	848	1 062	2 670	–	2 615	4 256	4 247	4 238
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	16 252	16 230	16 207	15 888	–	16 188	16 169	16 150	16 132
Other assets	25 888	26 441	28 019	21 438	–	28 865	28 219	27 535	26 812
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	66	87	157	87	–	157	157	157	157
Intangibles	44	35	35	26	–	26	17	8	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	134 864	135 630	143 071	145 196	–	150 312	155 085	158 357	161 568
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	5 135	5 404	5 284	5 724	–	5 724	6 263	6 385	6 751
Repairs and Maintenance by Asset Class	1 553	2 154	1 897	5 026	–	7 320	1 718	1 650	1 760
Infrastructure - Road transport	294	503	279	1 110	–	3 010	340	365	375
Infrastructure - Electricity	177	118	309	1 665	–	1 665	215	191	203
Infrastructure - Water	196	330	126	365	–	365	70	75	80
Infrastructure - Sanitation	81	22	67	100	–	100	40	50	60
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	748	974	781	3 240	–	5 140	665	681	718
Community	6	2	16	201	–	201	41	51	58
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	800	1 179	1 100	1 585	–	1 979	1 012	917	984
TOTAL EXPENDITURE OTHER ITEMS	6 688	7 558	7 181	10 750	–	13 044	7 981	8 035	8 512
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of depren"	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE	1.3%	1.8%	1.5%	3.9%	0.0%	5.5%	1.2%	1.2%	1.2%
Renewal and R&M as a % of PPE	1.0%	2.0%	1.0%	3.0%	0.0%	5.0%	1.0%	1.0%	1.0%

Table 26 MBRR Table A10 - Basic Service Delivery Measurement	49
Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	66
Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	68
Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	70
Table 32 MBRR Table SA7 - Measurable performance objectives.....	74
Table 33 MBRR Table SA8 - Performance indicators and benchmarks.....	76
Table 34 Credit rating outlook	83
Table 35 Breakdown of the operating revenue over the medium-term	87
Table 36 Proposed tariff increases over the medium-term.....	89
Table 37 MBRR SA15 – Detail Investment Information	91
Table 38 MBRR SA16 – Investment particulars by maturity.....	91
Table 39 Sources of capital revenue over the MTREF	92
Table 40 MBRR Table SA 17 - Detail of borrowings	93
Table 41 MBRR Table SA 18 - Capital transfers and grant receipts	95
Table 42 MBRR Table A7 - Budget cash flow statement.....	97
Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	98
Table 44 MBRR SA10 – Funding compliance measurement	100
Table 45 MBRR SA19 - Expenditure on transfers and grant programmes.....	104
Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds.....	106
Table 47 MBRR SA22 - Summary of councillor and staff benefits	108
Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	110
Table 49 MBRR SA24 – Summary of personnel numbers	112
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure	113
Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	115
Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	118
Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	120
Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	121
Table 55 MBRR SA30 - Budgeted monthly cash flow.....	122
Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure	125
Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class	127
Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	128
Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	130
Table 61 MBRR SA35 - Future financial implications of the capital budget	132
Table 62 MBRR SA36 - Detailed capital budget per municipal vote	134
Table 63 MBRR SA37 - Projects delayed from previous financial year.....	136
Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance	139

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	141
Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position	143
Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions	144
Table 68 MBRR SA32 – List of external mechanisms	147

List of Figures

Figure 1 Main operational expenditure categories for the 2013/14 financial year	26
Figure 2 Capital Infrastructure Programme	29
Figure 3 Expenditure by major type.....	39
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF	48
Figure 5 Planning, budgeting and reporting cycle	72
Figure 6 Definition of performance information concepts	73
Figure 7 Breakdown of operating revenue over the 2013/14 MTREF	88
Figure 8 Sources of capital revenue for the 2013/14 financial year.....	92
Figure 9 Growth in outstanding borrowing (long-term liabilities) Error! Bookmark not defined.	
Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds	99

Abbreviations and Acronyms

AMR	Automated Meter Reading	IDP	Integrated Development Strategy
ASGISA	Accelerated and Shared Growth Initiative	IT	Information Technology
BPC	Budget Planning Committee	kℓ	kilolitre
CBD	Central Business District	km	kilometre
CFO	Chief Financial Officer	KPA	Key Performance Area
CM	Municipality Manager	KPI	Key Performance Indicator
CPI	Consumer Price Index	kWh	kilowatt
CRRF	Capital Replacement Reserve Fund	ℓ	litre
DBSA	Development Bank of South Africa	LED	Local Economic Development
DoRA	Division of Revenue Act	MEC	Member of the Executive Committee
DWA	Department of Water Affairs	MFMA	Municipal Financial Management Act
EE	Employment Equity		Programme
EEDSM	Energy Efficiency Demand Side Management	MIG	Municipal Infrastructure Grant
EM	Executive Mayor	MMC	Member of Mayoral Committee
FBS	Free basic services	MPRA	Municipal Properties Rates Act
GAMAP	Generally Accepted Municipal Accounting Practice	MSA	Municipal Systems Act
GDP	Gross domestic product	MTEF	Medium-term Expenditure Framework
GDS	Gauteng Growth and Development Strategy	MTREF	Medium-term Revenue and Expenditure Framework
GFS	Government Financial Statistics	NERSA	National Electricity Regulator South Africa
GRAP	General Recognised Accounting Practice	NGO	Non-Governmental organisations
HR	Human Resources	NKPIs	National Key Performance Indicators
HSRC	Human Science Research Council	OHS	Occupational Health and Safety
		OP	Operational Plan
		PBO	Public Benefit Organisations

PHC	Provincial Health Care	RSC	Regional Services Council
PMS	Performance Management System	SALGA	South African Local Government Association
PPE	Property Plant and Equipment	SAPS	South African Police Service
PPP	Public Private Partnership	SDBIP	Service Delivery Budget Implementation Plan
PTIS	Public Transport Infrastructure System	SMME	Small Micro and Medium Enterprises
RG	Restructuring Grant		

Part 1 – Annual Budget

1.1 Mayor's Report

Honorable Councilors, members of the public, it is my privilege to introduce the second budget of the Council elected in May 2011. In my last report I cited:

“... This budget was crafted at a challenging but hopeful time. Through this budget we are saying to our people that economic uncertainty will be with us for some time, yet we have a programme of change that can steadily roll back unemployment and poverty. Thus the political instruction to the Accounting Officer to start with a process filling vacancies in the municipality.”

I am proud to announce that 42% of the vacancies have been filled from own funds from the municipality and a further commitment has been taken to fill vacancies as cash become avail to sustain the posts. HODs has further been tasked to review their organogram to cater for the ever growing needs within the organization.

In the last financial year we had also budgeted that from own revenue, collected through property rates, revitalization programs should start, with allocations of R400 000.00 to every ward, that not only creating jobs but improving the life of people there-in. As a result with a process of dispute with farmers, the aforementioned could not materialize. The withholding of R4.2million of our November tranche also had a very negative effect on our cashflow especially affecting the provision of free basic services.

The idea of unity in action, work together to realize practical goals, must be revived, meaning an active citizenry (strong social capital movement), drawn into motion by dedicated activist and inspired by a compelling vision of the future, has to be renewed. Ubuntu is still on a steadfast trajectory on achieving of the idea of unity in action

Our commitment made during consultations still stands, and as promised in consultation session: “This is a year of less talk and hard word”. But you are invited to be always part of the solution, thus join our newly established Audit Committee and MPAC in order to enhance transparency and better credibility.

The budget and IDP is linked for the financial year as only funded projects from the IDP has been included in the budget. The MIG allocations decreased substantially from around R12 million in the previous year to R10 million in the 2013/14 financial year and over the MTREF.

All rates and taxes have been approved at an average of 6% with the exception of electricity. An application has been send to NERSA and the municipality still awaits the approval letter from NERSA.

Together we can do more!

1.2 Council Resolutions

On 28 March 2013 the Council of Ubuntu Local Municipality met in the Council Chambers of Ubuntu Municipality Hall to consider the 2013/2014 Draft budget of the municipality for the financial year 2013/14. Council took note of the tabled budget and resolved that section 22 of the MFMA be duly followed:

1. The Council of Ubuntu Local Municipality, acting in terms of section 22 of the Municipal Finance Management Act, (Act 56 of 2003) resolved that:

1.1. The Accounting officer must:

1.1.1. In accordance with Chapter 4 of the Municipal Systems Act -

- Make public the annual budget and the documents referred to in section 17(3)

- Invite the local community to submit representation in connection with the budget and;

1.1.2. Submit the annual budget

- In both printed and electronic formats to the National Treasury and relevant provincial treasury
- In either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.

The budget was made public in all the local newspapers and placed at all the municipal offices and libraries. It was also placed on the website.

The public was invited. The invitation was placed in the newspaper and separate letters were sent to all relevant stakeholders for separate meetings. All the public meeting took place however it was a tedious task, with amongst others the public unrest in Richmond.

The draft budget for both provincial and national treasury was sent to provincial treasury who in turn disseminate it to national treasury.

After the draft budget was tabled and before the commencement of the public meetings a workshop was given to councillors to workshop them on the budget and IDP in order for them to present the budget themselves to their wards.

On the 31st of May a council meeting sat to approve the budget, however at a given point of the agenda, before the tabling of the budget and IDP, half of the council walked out of the council chambers and the council did not constitute a quorum to approve the budget and IDP.

Another meeting was called for the 4th of June 2013 and the budget and IDP was approved in that meeting.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 66 and 67 and other enabling documentations were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- No adjustments for 2012/2013
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; Total Grant funding approved for Capital Expenditure amounts to R10 921 million (MIG). This indicates a decrease of R583 000 from the previous financial and this is gazetted to decrease over the MTREF. The formula for this grant has also been updated with the 2011 census yet it decrease. This year no internal capital has been budgeted for but only External Capital.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

1.4 Revenue Assumptions

1.4.1 External factors

External factors play a key role in the preparations of the budget. The geographical location of the municipality more than often cost that we have to acquire goods and services and a price higher than what another municipality would acquire it for. The CPI inflation figures as published in circular 67 were considered in preparing the budget.

So Mayor, not only are we being confronted with an ever increasing rate in goods and services but also the burden of having to “import” goods and services at an extra cost.

1.4.2 Collection rate for revenue services

Improved collection rate – target of 97% will not be achieved in the short term due to a number challenges, amongst others;

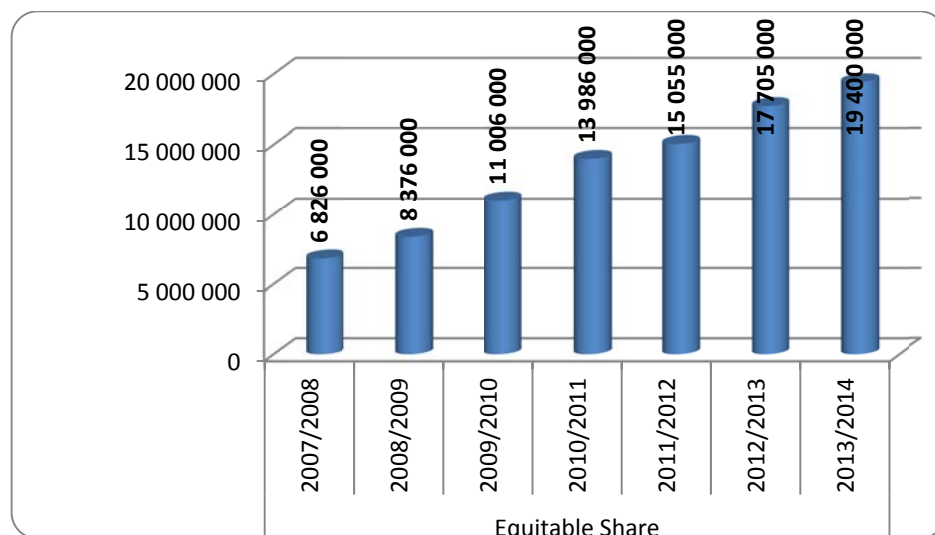
- ✦ collections in Eskom electricity supply area (impaired ability to collect due to not having electricity cut-off as tool)
- ✦ Under-recovery on water (mainly indigents)
- ✦ Distribution losses impacting on recovery of revenue – if a base adjustment is not done, it will have a negative impact on the liquidity position of Council
- ✦ Ubuntu Municipality population has grown with 2 226 people grown from 16 375 (2001 census) to 18 601 (census) and households within Ubuntu has increased from 3 575 to 5 129. It is quite alarming that 591 households have NO INCOME while 2 659 earns between R1 – R2 300. This translates that 3 250 (64% of households) falls within the national definition of being indigent (Total poor households = against 1 490 in 2001). As per the census 2011 our indigent households increased with 119%. This in itself poses a very huge challenge in revenue collection.
- ✦ Furthermore. 29.09% of the labour force is unemployed (Provincial average is 27.01% and the National average is 32.51%). This translates

that 3250 (64% of households) falls within the national definition of being indigent.

- From the above it is thus evident that only 36% of the Ubuntu households “have” the ability to pay.
- The new LG Equitable Share formula. What did the change in formal brought about for Ubuntu?

The new local government equitable share brought about little change to the share of Ubuntu mayor. Over the years (2008-2014) our equitable share is been risen by an averages of R2 095 m and this year it is no different (R1 695m). Again taking against the backdrop that the population has grown by 14% and the number of indigent households has grown by 1 760. The question remains...how did Ubuntu benefit...in fact mayor...we are exactly we were in 2001 only with much more poor households.

Below a graph of allocations asof 2008 to date.



1.4.3 Decline in tax base of the municipality

- ↳ Ubuntu Municipality population has grown with 2 226 people grown from 16 375 (2001 census) to 18601 (census) and households within Ubuntu has increased from 3 575 to 5129. It is quite alarming that 591 households have NO INCOME while 2 659 earns between R1 – R2 300. This in itself poses a very huge challenge in revenue collection.
- ↳ Furthermore. 29.09% of the labour force is unemployed (Provincial average is 27.01% and the National average is 32.51%). This translates that 3250 (64% of households) falls within the national definition of being indigent.
- ↳ From the above it is thus evident that only 36% of the Ubuntu households “have” the ability to pay.
- ↳ The Minister quoted the following in his budget speech:
“We all acknowledge that unemployment, poverty and inequality are the greatest challenge facing our country... We will not eradicate this problem overnight. This is like manually moving a mountain and the only way to do it, is to move one rock aside and the next generation, or next government, will do the same until this mountain is moved.”

For Ubuntu unemployment is rife and pose a huge challenge to the tax base of Ubuntu, as we not only have to sometimes use own funding to create jobs but also advance own funding till grant funding get paid over. This impedes on our cashflow management as well. A EPWP Grant of R1 million will flow as a direct transfer to the municipality to create 55 jobs where labour intensive delivery methods can be maximized.

1.5 Expenditure assumptions

- Expenditure projections were based on Expenditure patterns up to February 2013.
- It was also further assume that the conservative revenue budgeted for will be collected/received will realize.

1.5.1 Salary increases

The municipalities took into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25% for the 2013/14 financial year. In this regard the municipality budgeted for 6.85% (used average CPI for this period of 5.6 per cent plus 1.25%) A further 2.5% was budgeted for annual notch increases. A 6.4% was budgeted for 2014/2015 and 6% for 2015/2016.

A 6% was budgeted for council remuneration.

Table 1 Consolidated Overview of the 2013/14 MTREF

R thousand	Adjustments Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total operating Revenue	71724	73842	78764	86038
total Operating Expenditure	87779	90184	96516	103175
<i>(Surplus)/Deficit for the year</i>	-16055	-16342	-17752	-17137
Total Capital Expenditure	11510	15127	9658	9962

From the above it is evident that our Revenue budget only increased with 4% even though increases have been filtered in on the 2013/2014 financial year. This is again as a result of a huge non-payment rate. We unfortunately cannot keep on budgeting with the hope that the economic situation of Ubuntu residence will improve over night. This situation can best be viewed on SA3.

1.6 Operating Revenue Framework

For Ubuntu to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source										
Property rates	4 142	2 533	3 296	6 196	–	5 687	5 687	6 457	7 168	7 662
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	5 866	7 236	7 935	10 178	–	10 127	10 127	10 475	11 212	11 806
Service charges - water revenue	3 232	3 706	4 579	3 431	–	4 834	4 834	4 683	4 952	5 251
Service charges - sanitation revenue	1 596	2 298	2 553	4 517	–	3 629	3 629	3 008	3 051	3 406
Service charges - refuse revenue	2 235	2 431	2 834	3 268	–	3 269	3 269	2 677	2 845	3 026
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	410	409	371	621	–	641	641	539	573	609
Interest earned - external investments	416	351	305	380	–	380	380	380	403	427
Interest earned - outstanding debtors	1 738	1 604	1 624	1 800	–	1 800	1 800	1 908	1 908	2 022
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	15 149	19 134	19 036	19 090	–	19 091	19 091	19 569	20 216	21 427
Licences and permits	301	475	745	419	–	428	428	555	581	628
Agency services	14	15	10	12	–	12	12	12	13	13
Transfers recognised - operational	13 252	17 929	24 276	20 785	–	20 863	20 863	22 785	25 209	29 088
Other revenue	1 431	673	2 261	275	–	738	738	571	607	646
Gains on disposal of PPE	3	25	19	225	–	225	225	225	27	28
Total Revenue (excluding capital transfers and contributions)	49 786	58 818	69 845	71 197	–	71 724	71 724	73 842	78 764	86 038

Table 3 Percentage growth in revenue by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source										
Property rates	4 142	2 533	3 296	6 196	–	5 687	5 687	6 457	7 168	7 662
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	5 866	7 236	7 935	10 178	–	10 127	10 127	10 475	11 212	11 806
Service charges - water revenue	3 232	3 706	4 579	3 431	–	4 834	4 834	4 683	4 952	5 251
Service charges - sanitation revenue	1 596	2 298	2 553	4 517	–	3 629	3 629	3 008	3 051	3 406
Service charges - refuse revenue	2 235	2 431	2 834	3 268	–	3 269	3 269	2 677	2 845	3 026
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	410	409	371	621	–	641	641	539	573	609
Interest earned - external investments	416	351	305	380	–	380	380	380	403	427
Interest earned - outstanding debtors	1 738	1 604	1 624	1 800	–	1 800	1 800	1 908	1 908	2 022
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	15 149	19 134	19 036	19 090	–	19 091	19 091	19 569	20 216	21 427
Licences and permits	301	475	745	419	–	428	428	555	581	628
Agency services	14	15	10	12	–	12	12	12	13	13
Transfers recognised - operational	13 252	17 929	24 276	20 785	–	20 863	20 863	22 785	25 209	29 088
Other revenue	1 431	673	2 261	275	–	738	738	571	607	646
Gains on disposal of PPE	3	25	19	225	–	225	225	225	27	28
Total Revenue (excluding capital transfers and contributions)	49 786	58 818	69 845	71 197	–	71 724	71 724	73 842	78 764	86 038

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges total R27.6 million. This decreases to R27.2 million was due to huge out flux of consumers out of the town, however 840 new plots will be opened but only paraffin and candles will be supplied in that area with bucket facilities and communal taps. That consumption has been factored into the budget. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 76.5 per cent in 2013/14 to 79 per cent in 2013/14.

Fines are the second biggest revenue item on the budget and consist of 26.5% of the total budget. It should be noted that an historic trend of income received on fines had been used to the budget for the fines amount. The municipality is in a principle

arrangement with sol plaatje traffic services thus recognize the income in full and expense the split to the agent.

Operating grants and transfers totals R20.6 million in the 2013/14 financial year and is increasing at an average of around R1.6 million over the MTREF. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 medium term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	12 718	15 847	18 992	20 035	-	20 105	23 025	24 414	28 145
Local Government Equitable Share	11 196	13 986	15 157	17 705	-	17 705	19 400	21 585	25 118
Municipal Infrastructure Grant	-	243	946						
Financial Management Grant	621	1 186	1 444	1 500		1 500	1 650	1 800	1 950
Municipal Systems Improvement Grant	850	394	873	800		800	890	934	967
EPWP Grant	-	-	-	-			1 000	-	-
Skills Development Fund	51	38	101	30		100	85	95	110
DWAF			471						
Provincial Government:	385	232	587	750	-	758	760	795	943
Library Grant	264	232	587	750		758	760	795	843
Health	59	-	-						100
Housing	62	-	-						
Other grant providers:	149	223	-	-	-	-	-	-	-
Project Ubuntu Waterservice Plan	111	-							
Water Project	38	223							
Total operating expenditure of Transfers and Grants	13 252	16 302	19 579	20 785	-	20 863	23 785	25 209	29 088

Tariff-setting is a pivotal and strategic part of the compilation of any budget. However as much as an attempt was put together by management, it was found that “coming up” with cost reflective tariffs brought about a huge challenge. Tariffs’ were previously just “set” without real thought going into setting it. Thus if we want to come up with a cost-reflective account it will constitute a very huge increase year on year but management working into phasing it in, providing shock absorbers to the community. Management is of the opinion that introducing huge increases and increases above the inflation set target will exacerbate the non-payment culture. This situation also results in the municipality running on deficits on some of the services especially electricity.

1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality’s budgeting process.

The valuation roll was valued for four year but an application to extend the valuation roll to the MEC for Cooperative Governance has been approved and it has been tabled in council. A tender will be going out early in the financial year for the compilation of a new valuation roll.

National Treasury’s MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Cooperative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1

In the 2011/12 financial year the municipality only had a rate for the agriculture property and residential properties. However it has been expanded to business as well. Only impermissible exceptions are granted.

Below a comparison between the 2011/12 – 2013/14

The following stipulations in the Property Rates Policy are highlighted:

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2012)
	c	c
Residential properties	0.01237	0.01311
State owned properties	0.01237	0.01350
Business & Commercial	0.01237	0.01337
Agricultural	0.00038	0.00120
Vacant land	0.01237	0.01311
Municipal rateable	0	0
Public benefit organisation properties	0.00310	0.00329
Churches	0	0

From the above it is evident the ratio between residential properties and agriculture property is 0.03072. An exercise was undertaken to benchmark against neighboring municipality and it was found that Ubuntu municipality is far below. A rate of 0.00120 was than proposed through the draft budget, consulted at the stakeholder and community meetings. The tariff which constitutes 0.09153:1 which I way below the ration set through the National Treasury Circular.

The tariff has subsequently been increased with 6% for the 2013/14 financial year. See below

Table 5 Comparison of approved rates to levied for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c	C
Residential properties	0.01311	0.01390
Business & Commercial	0.01337	0.01417
Agricultural	0.00120	0.00127
Vacant land	0.01311	0.01390
Municipal rateable	0.00329	0.00348

A strategic planning/workshop session had to take place, subsequent the initial workshop, which did not materialized a number of policies amongst others the rate policy had to be workshop to explain to councilors the impact on the amendment.

At the meeting of 04 June 2013 the policies was not taken to council since it has not been work shopped but a strategic planning/workshop is scheduled for 12-13 June 2013 where this policies will be discussed and intended to be approved before the start of the financial year.

1.6.2 Sale of Water and Impact of Tariff Increases

A tariff increase of 6 per cent from 1 July 2013 for water is proposed. The first 6 kℓ water and the basic amount is given “for free” indigent households only, however the municipality experience high consumptions levels from indigent household thus a huge income loss. In informal settlements, communal taps are used and there is basically no control over the usage of these taps, only resulting in huge losses.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kl		
(ii) 0 to 6 kl	3.76	3.99
(iii) 7 to 15 kl	4.32	4.58
(iv) 16 to 30 kl	5.31	5.63
(v) 30+kl	6.57	6.97
NON-RESIDENTIAL		
(i) 0 to 30 kl	4.72	5.00
(ii) 31 to 60 kl	5.00	5.30
(iii) 61 to 100kl	5.30	5.62
(iv) 100+kl	5.62	5.96

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	87.99	93.31	5.32	6
30	141.09	149.61	8.52	6

40	206.79	219.31	12.52	6
50	272.49	289.01	16.52	6
80	469.59	498.11	28.52	6
100	600.99	637.51	36.52	6

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

1.6.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.5% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

An application has been sent to NERSA Considering the Eskom increases, the consumer tariff had to be increased by an average of 7 per cent. Ubuntu applied for an inclining block tariff structure as oppose to the single tariff.

Table 8 Comparison between current electricity charges and proposed increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	122.62	132.43	9.81	8
250	306.55	331.08	24.53	8
500	613.1	662.15	49.05	8
750	919.65	993.23	73.58	8
1000	1226.2	1324.3	98.1	8
2000	2452.4	2648.6	196.2	8

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the

consumption, the higher the cost per kWh. The aim is to subsidize the lower consumption users (mostly the poor). The Municipality did submit an application for the step tariffs, however taken from the D-form analysis it is evident that the impact of IBT, even if it is pro poor, will not generate income for the first two years for the municipality.

Below, a comparison between the single tariff and the IBT application in terms of energy charge and consumption:

	Approved 2012/2013	Proposed 2013/2014	Increase (%)
2 ELEKTRISITEIT			
(a) Huishoudelik - Konvensineel			
- Basies	87.05	94.00	7.98%
Verbruik volgens glyskalle			
- <= 50kWh (Deernisgevalle alleenlik)	Free		
- <= 50 kWh > 600 kWh (Deernisgevalle alleenlik)	0.8654	0.8654	0.00%
- <= 50 kWh	1.2262	0.7900	-35.57%
- 51 - 350 kWh	1.2262	0.9918	-19.12%
- 351 - 600 kWh	1.2262	1.3380	9.12%
- > 600kWh	1.2262	1.5732	28.30%
	4.9048	4.69300	-3.45%
Average % increase	1.2262	1.17325	-4.32%

	Approved 2012/2013	Proposed 2013/2014	Increase (%)
(b) Huishoudelik - Voorafbetaalde Krag			
- Geen Basies			
Verbruik volgens glyskalle			

- <= 50kWh (Deernisgevalle alleenlik)	Free		
- <= 50 kWh > 600 kWh (Deernisgevalle alleenlik)	0.8544	0.8544	0.00%
- <= 50 kWh	1.2592	0.7900	-37.26%
- 51 - 350 kWh	1.2592	0.9918	-21.24%
- 351 - 600 kWh	1.2592	1.3380	6.26%
- > 600kWh	1.2592	1.5732	24.94%
	5.0368	4.69300	-6.83%
Average % increase	1.2592	1.17325	-6.83%

1.6.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2013 is proposed.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

	Approved 2012/2013	Proposed 2013/2014	Increase (%)
RIOOL			
(a) Emmers - per maand	53.60	56.80	5.98%
(b) Suigriool			
- Hutchinson Skool (pv)	613.50	650.30	6.00%
- Gevangen (pv)	169.20	179.35	6.00%
- Polisie Stasie (pv)	169.20	179.35	6.00%
- Loxton - Alle suigtrekkings (pv)	83.60	88.61	6.00%
- Loxton - Staats departemente (pv)	169.20	179.35	6.00%
- Groot Besighede per vrag	94.40	100.00	5.93%
- Star Stop per vrag	86.30	91.50	6.03%
- Richmond Mutsibisie	86.30	91.50	6.03%
- Deernis gevalle	86.30	91.50	6.03%
- Beskikbaarheid			
- Huishoudelik per vrag	86.30	91.50	6.03%
INDIEN NAAM NIE OP LYS VAN TREKKINGS NIE EN DAAR KOM 'n VERSOEK OM NAWEKE TE TREK IS DIE TARIEF DOUBBELD			
	Approved 2012/2013	Proposed 2013/2014	Increase (%)
(c) Spoelriool - per maand			
- Huishoudelik	86.30	91.50	6.03%
- Victoria-Wes Hoërskool	2 888.20	3061.50	6.00%
- Victoria-Wes Sekondêre Skool	2 359.60	2501.20	6.00%
- John Rossouw Primêre Skool	3 190.20	3381.60	6.00%
- Hospitale	2 473.50	2621.90	6.00%
- Karooland Koshuis	2 073.90	2198.30	6.00%
- Victoria-Wes Sekondêre Koshuis	3 455.30	3662.60	6.00%
- Bennie Groenewald	2 892.00	3065.20	5.99%
- Ikaya	2 448.10	2595.00	6.00%
- Richmond Hoërskool	1 798.70	1906.60	6.00%
- Privaat skool	107.90	114.40	6.02%
- Richmond Koshuis	3 114.10	3300.95	6.00%
- Richmond Kliniek	168.55	178.70	6.02%
- Departement Welsyn	168.55	178.70	6.02%
- Departement Landbou	168.55	178.70	6.02%
- Kliniek	168.55	178.70	6.02%
- Tronke (Victoria West and Richmond)	4 240.00	4494.40	6.00%
- Buitengewone versoeke - soos per faktuur			

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, single dwelling- houses

Monthly sanitation consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (11% increase) R
Per vacuum tank	86.30	91.48	6

1.6.5 Waste Removal and Impact of Tariff Increases

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2011.

The following table compares current and proposed amounts payable from 1 July 2011:

Table 11 Comparison between current waste removal fees and increases

	Approved 2012/2013	Proposed 2013/2014	Increase (%)
VULLIS			
(a) Huishoudelike vullis per maand	86.3	91.48	6.00%
(b) Besighede vullis per maand (Groot)			
- AB Handelaars	357.35	378.80	6.00%
- Spar	357.35	378.80	6.00%
- Indraf	357.35	378.80	6.00%
- Pep Stores	357.35	378.80	6.00%
- Caltex	357.35	378.80	6.00%
- Dreyer	214.40	227.25	5.99%
- Percey	357.35	378.80	6.00%
- Rick Mix	214.40	227.25	5.99%
- Gafoor	214.40	227.25	5.99%
- Karoo Free Range	357.35	378.80	6.00%
- Biltong Fabriek	357.35	378.80	6.00%
- KVB's	357.35	378.80	6.00%
- BKB Richmond	357.35	378.80	6.00%
- Hotel Richmond	357.35	378.80	6.00%
(c) Besighede vullis per maand (Klein & Gastehuse)			
- Rabbit Den	142.90	151.45	5.98%
- Alies Tavern	142.90	151.45	5.98%
- Fulas Pup	142.90	151.45	5.98%
- Sakaroeka	142.90	151.45	5.98%
- Poormans Place	142.90	151.45	5.98%
(d) Tuinvullis per vrag	142.90	151.45	5.98%
(e) Bourommel per vrag deur aansoeker self laai	238.20	252.50	6.00%

1.6.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 12 and 13 per cent, with the increase for indigent households closer to 12 per cent.

Table 12 MBRR Table SA14 – Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		542.55	540.40	572.80	628.25			6.0%	665.95	705.90	748.26
Electricity: Basic levy		50.00	50.00	50.00	87.06			8.0%	94.02	101.55	109.67
Electricity: Consumption		1 046.45	525.55	712.20	817.89			8.0%	883.32	953.99	1 030.31
Water: Basic levy		249.55	433.10	283.74	36.80			6.0%	39.01	41.35	43.83
Water: Consumption		32.75	32.75	32.70	214.85			6.0%	227.74	241.41	255.89
Sanitation		68.00	72.45	76.80	86.30			6.0%	91.48	96.97	102.78
Refuse removal		68.00	72.45	76.80	86.30			6.0%	91.48	96.97	102.78
Other											
sub-total		2 057.30	1 726.70	1 805.04	1 957.45	-	-	6.9%	2 093.00	2 238.12	2 393.52
VAT on Services											
Total large household bill:		2 057.30	1 726.70	1 805.04	1 957.45	-	-	6.9%	2 093.00	2 238.12	2 393.52
% increase/-decrease			(16.1%)	4.5%	8.4%	(100.0%)	-		-	6.9%	6.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		66.15	90.85	96.30	119.25			6.0%	126.41	133.99	142.03
Electricity: Basic levy		30.00	50.00	50.00	87.06			8.0%	94.02	101.55	109.67
Electricity: Consumption		31.85	29.15	75.30	298.85			8.0%	322.76	348.58	376.46
Water: Basic levy		32.75	32.75	32.70	36.80			6.0%	39.01	41.35	43.83
Water: Consumption		7.00	9.55	10.15	22.56			6.0%	23.91	25.35	26.87
Sanitation		68.00	72.45	76.80	86.30			6.0%	91.48	96.97	102.78
Refuse removal		68.00	72.45	76.80	86.30			6.0%	91.48	96.97	102.78
Other											
sub-total		303.75	357.20	418.05	737.12	-	-	7.0%	789.07	844.74	904.43
VAT on Services											
Total small household bill:		303.75	357.20	418.05	737.12	-	-	7.0%	789.07	844.74	904.43
% increase/-decrease			17.6%	17.0%	76.3%	(100.0%)	-		-	7.1%	7.1%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		90.85	96.30	102.05	119.25			6.0%	126.41	133.99	142.03
Electricity: Basic levy		50.00	50.00	78.43	87.06			8.0%	94.02	101.55	109.67
Electricity: Consumption		29.15	75.30	76.22	82.32			8.0%	88.90	96.02	103.70
Water: Basic levy		32.75	32.70	34.70	36.80			6.0%	39.01	41.35	43.83
Water: Consumption		9.55	10.15	14.20	22.56			6.0%	23.91	25.35	26.87
Sanitation		72.45	76.80	81.40	86.30			6.0%	91.48	96.97	102.78
Refuse removal		72.45	76.80	81.40	86.30			6.0%	91.48	96.97	102.78
Other											
sub-total		357.20	418.05	468.40	520.59	-	-	6.7%	555.21	592.18	631.66
VAT on Services											
Total small household bill:		357.20	418.05	468.40	520.59	-	-	6.7%	555.21	592.18	631.66
% increase/-decrease			17.0%	12.0%	11.1%	(100.0%)	-		-	6.7%	6.7%

1.7 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan; however the decrease in the MIG that was introduced to address backlogs has been decreased over the MTREF.
- The municipality only included funded projects in the Capital Budget.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type										
Employee related costs	13 211	17 005	20 059	28 606	–	26 660	26 660	30 797	33 225	35 547
Remuneration of councillors	1 693	1 752	1 857	2 030		2 284	2 284	2 587	2 742	2 907
Debt impairment	11 932	3 038	4 002	3 174		3 174	3 174	3 655	3 364	3 871
Depreciation & asset impairment	5 135	5 404	5 284	5 724	–	5 724	5 724	6 263	6 385	6 751
Finance charges	943	948	851	650		617	617	649	717	709
Bulk purchases	5 984	7 539	8 873	9 317	–	9 796	9 796	9 848	10 626	11 465
Other materials	–	–	–	–		–	–	–	–	–
Contracted services	9 873	12 558	12 323	10 710	–	10 702	10 702	12 003	12 803	13 204
Transfers and grants	2 659	3 548	3 964	4 986	–	4 986	4 986	4 490	4 568	4 796
Other expenditure	9 142	14 997	14 364	21 093	–	23 828	23 828	19 892	22 085	23 924
Loss on disposal of PPE	–	–	204	7		7	7	1	1	1
Total Expenditure	60 571	66 788	71 783	86 298	–	87 779	87 779	90 184	96 516	103 175

The budgeted allocation for employee related costs for the 2013/14 financial year totals R30.8 million, which equals 34 per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2013/14 financial year. All vacancies have been budgeted for however the filling of vacancies is filled as per available cash to fund it on a long term basis. All critical vacancies are filled with the exception of the Director: Corporate Service.

It should also be noted that the different Heads on Department embarked on an exercise to relook the structures. The organogram that is currently in place catered for Ubuntu before it had expanded and all of the legislative “units” that should exist in the

municipality. The organograms has yet not being approved thus the vacancies related to the “old structure”.

Overtime are being provided for emergency services and other critical functions; however the municipality does made use of “planned” overtime as well.

The court case of SALGA should also be born in mind with regards to the 2011/2012 salary increase. This “possible” backpay has not been filtered into the budget.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality’s budget. It should be noted that the year on year increase amounts to 27 per cent however the increase from the 2013 financial year only amounts to 8 per cent.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the Municipality. For the 2011/11 financial year this amount equates to R482 million and escalates to R609 million by 2013/12. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R912 million for the 2013/14 financial and equates to 6.2 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.72 per cent (R649k) of operating expenditure. This resulted from the old Richmond municipality who took up a loan and the contract signed with Nashua Mobile for the copier machines.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Conroy. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Only the Sol Plaatje is classified under contracted services. In the 2013/14 financial year, this group of expenditure totals R12 million and has escalated by just 10.7 per cent.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

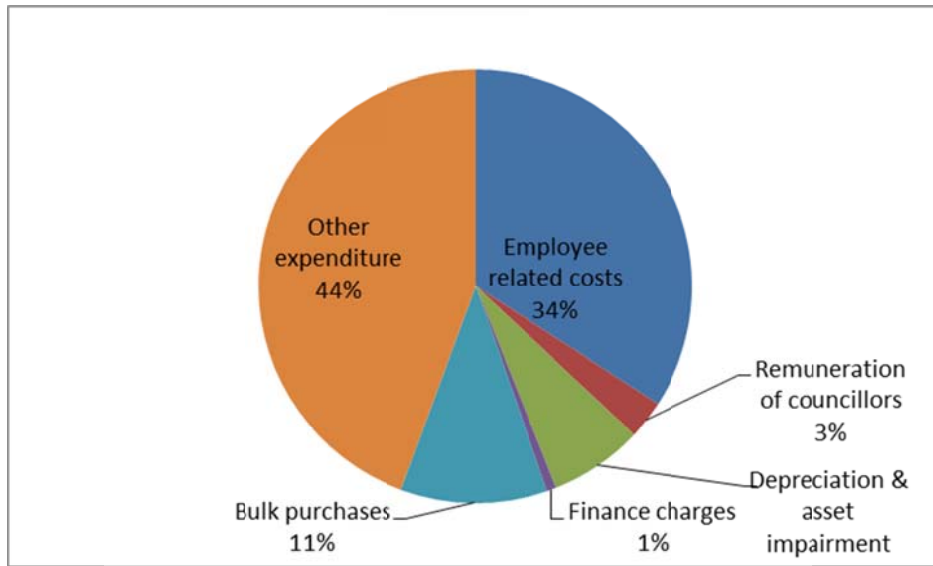


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.7.1 Priority given to repairs and maintenance

Repairs and maintenance still amount to a very small component of the budget at R1.7 million, however this amount only relates to materials to repair or maintain. It is still a challenge for the municipality to do the activity based costing to allocate man-hours etc. to the repair and maintenance component.

Table 14 Repairs and maintenance per asset class

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Depreciation & asset impairment	5 135	5 404	5 284	5 724	-	5 724	6 263	6 385	6 751
Repairs and Maintenance by Asset Class	1 553	2 154	1 897	5 026	-	7 320	1 718	1 650	1 760
Infrastructure - Road transport	294	503	279	1 110	-	3 010	340	365	375
Infrastructure - Electricity	177	118	309	1 665	-	1 665	215	191	203
Infrastructure - Water	196	330	126	365	-	365	70	75	80
Infrastructure - Sanitation	81	22	67	100	-	100	40	50	60
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	748	974	781	3 240	-	5 140	665	681	718
Community	6	2	16	201	-	201	41	51	58
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	800	1 179	1 100	1 585	-	1 979	1 012	917	984
TOTAL EXPENDITURE OTHER ITEMS	6 688	7 558	7 181	10 750	-	13 044	7 981	8 035	8 512

1.7.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.8 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2013/14 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Original Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Vote 1 - Budget & Treasury	150	1%	–	0%	–	0%	–	0%
Vote 2 - Community & Social Serv	2 405	18%	1 650	11%	–	0%	–	0%
Vote 3 - Electricity	–	0%	4 800	31%	–	0%	–	0%
Vote 4 - Executive & Council	460	4%	1 000	7%	–	0%	–	0%
Vote 5 - Health	–	0%	–	0%	–	0%	–	0%
Vote 6 - Planning & Development	4 614	36%	3 002	20%	5 000	52%	8 212	82%
Vote 7 - Public Safety	–	0%	–	0%	–	0%	–	0%
Vote 8 - Sport & Recreation	–	0%	–	0%	–	0%	–	0%
Vote 9 - Waste Management	5 336	41%	4 675	31%	4 658	48%	1 750	18%
Vote 10 - Water	–	0%	–	0%	–	0%	–	0%
Total Capital budget	12 965	100%	15 127	100%	9 658	100%	9 962	100%

For 2013/14 an amount of R10.9 million has been appropriated for the development of infrastructure which represents 70.2 per cent of the total capital budget. An amount of R4.2 million has also been included in the budget however it is not for infrastructure for the municipality solely. In the outer years this amount totals R9.7 million and R9.9 million. Bulk will be for waste management (Landfill sites).

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

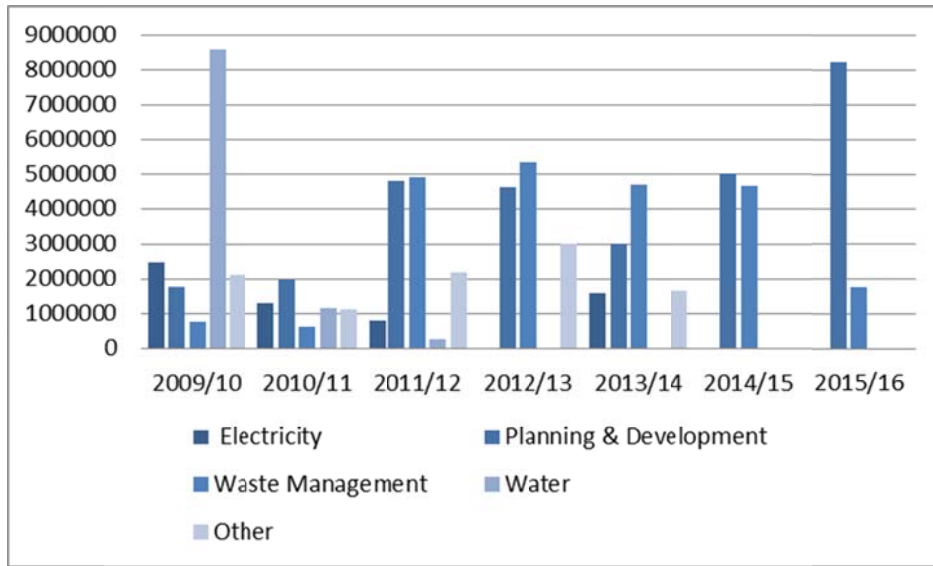


Figure 2 Capital Infrastructure Programme

1.8.1 Future operational cost of new infrastructure

The future operational cost of new infrastructure will be for the management and rehabilitation of landfill site and cemeteries

1.9 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	4 142	2 533	3 296	6 196	–	5 687	5 687	6 457	7 168	7 662
Service charges	12 929	15 672	17 902	21 394	–	21 860	21 860	20 842	22 060	23 488
Investment revenue	416	351	305	380	–	380	380	380	403	427
Transfers recognised - operational	13 252	17 929	24 276	20 785	–	20 863	20 863	22 785	25 209	29 088
Other own revenue	19 047	22 333	24 066	22 441	–	22 934	22 934	23 378	23 924	25 374
Total Revenue (excluding capital transfers and contributions)	49 786	58 818	69 845	71 197	–	71 724	71 724	73 842	78 764	86 038
Employee costs	13 211	17 005	20 059	28 606	–	26 660	26 660	30 797	33 225	35 547
Remuneration of councillors	1 693	1 752	1 857	2 030	–	2 284	2 284	2 587	2 742	2 907
Depreciation & asset impairment	5 135	5 404	5 284	5 724	–	5 724	5 724	6 263	6 385	6 751
Finance charges	943	948	851	650	–	617	617	649	717	709
Materials and bulk purchases	5 984	7 539	8 873	9 317	–	9 796	9 796	9 848	10 626	11 465
Transfers and grants	2 659	3 548	3 964	4 986	–	4 986	4 986	4 490	4 568	4 796
Other expenditure	30 946	30 593	30 894	34 984	–	37 711	37 711	35 551	38 254	41 000
Total Expenditure	60 571	66 788	71 783	86 298	–	87 779	87 779	90 184	96 516	103 175
Surplus/(Deficit)	(10 785)	(7 971)	(1 938)	(15 101)	–	(16 055)	(16 055)	(16 342)	(17 752)	(17 137)
Transfers recognised - capital	13 065	1 803	4 244	11 510	–	11 510	11 510	15 127	9 658	9 962
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Capital expenditure & funds sources										
Capital expenditure	15 704	6 147	12 994	12 965	–	12 965	12 965	10 927	9 658	9 962
Transfers recognised - capital	13 065	3 430	–	11 510	–	11 510	11 510	15 127	9 658	9 962
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	177	–	–	–	–	–	–	–	–	–
Internally generated funds	2 462	2 716	–	1 455	–	1 455	1 455	(4 200)	–	–
Total sources of capital funds	15 704	6 147	–	12 965	–	12 965	12 965	10 927	9 658	9 962
Financial position										
Total current assets	8 247	7 794	3 811	2 053	–	3 098	3 098	14 738	4 852	5 657
Total non current assets	136 272	137 060	144 593	146 686	–	151 925	151 925	156 670	160 027	163 327
Total current liabilities	11 265	17 282	15 855	40 548	–	26 969	26 969	13 649	14 305	15 059
Total non current liabilities	5 051	5 537	8 208	5 548	–	8 259	8 259	8 565	8 074	8 074
Community wealth/Equity	128 202	122 034	124 341	102 733	–	119 796	119 796	149 465	141 147	145 070
Cash flows										
Net cash from (used) operating	21 206	5 130	9 434	2 918	–	2 918	2 918	7 620	411	1 109
Net cash from (used) investing	(15 158)	(6 321)	(13 152)	(12 800)	–	(12 800)	(12 800)	(10 784)	(9 717)	(10 024)
Net cash from (used) financing	38	(192)	720	(224)	–	(223)	(223)	(406)	(452)	(249)
Cash/cash equivalents at the year end	4 869	3 486	488	(25 239)	–	(9 617)	(9 617)	2 331	(7 428)	(16 592)
Cash backing/surplus reconciliation										
Cash and investments available	6 270	4 912	2 010	(23 754)	–	(13 949)	(13 949)	11 294	379	467
Application of cash and investments	4 143	9 229	7 610	10 073	–	3 177	3 177	2 971	2 475	2 290
Balance - surplus (shortfall)	2 127	(4 318)	(5 600)	(33 827)	–	(17 125)	(17 125)	8 323	(2 096)	(1 822)
Asset management										
Asset register summary (WDV)	134 864	135 630	143 071	145 196	–	150 312	155 085	155 085	158 357	161 568
Depreciation & asset impairment	5 135	5 404	5 284	5 724	–	5 724	6 263	6 263	6 385	6 751
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	1 553	2 154	1 897	5 026	–	7 320	1 718	1 718	1 650	1 760
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The municipality budgeted for a deficit over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. The municipality did not take up any borrowings to finance capital expenditures.
 - iii. No capital programs has been funded through Internally generated funds
4. The municipality does not have any reserves which need to back by funds. However since the collection of debtors takes much longer than the payment of creditors we have a huge working capital requirement.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. However addressing service delivery

backlogs is an ongoing challenge with the continuous mushrooming of informal settlements.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard									
<i>Governance and administration</i>	20 088	21 035	25 517	29 016	–	29 038	31 631	34 809	39 228
Executive and council	2	383	1 769	1 033	–	17	18	18	19
Budget and treasury office	19 608	20 295	23 416	27 552	–	28 520	31 166	34 308	38 688
Corporate services	479	357	332	431	–	501	447	482	521
<i>Community and public safety</i>	1 233	413	1 001	786	–	797	801	840	992
Community and social services	952	382	987	768	–	777	779	815	864
Sport and recreation	21	15	4	6	–	8	10	12	15
Public safety	190	8	–	2	–	2	2	2	2
Housing	–	–	–	–	–	–	–	–	–
Health	69	9	10	10	–	10	10	11	111
<i>Economic and environmental services</i>	17 440	21 825	24 133	31 123	–	31 152	35 419	30 637	32 213
Planning and development	1 992	1 856	4 326	11 595	–	11 600	15 232	9 771	10 082
Road transport	15 448	19 968	19 807	19 529	–	19 552	20 187	20 866	22 131
Environmental protection	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	24 064	17 320	23 411	21 452	–	21 918	20 902	22 122	23 553
Electricity	7 805	7 994	8 615	10 206	–	10 155	10 504	11 242	11 837
Water	12 280	3 936	5 419	3 458	–	4 861	4 711	4 981	5 281
Waste water management	1 743	2 968	5 986	4 519	–	3 632	3 010	3 054	3 408
Waste management	2 236	2 422	3 391	3 268	–	3 269	2 677	2 845	3 026
<i>Other</i>	26	27	27	330	–	330	215	15	15
Total Revenue - Standard	62 851	60 620	74 090	82 707	–	83 234	88 969	88 422	96 000
Expenditure - Standard									
<i>Governance and administration</i>	19 567	16 725	23 982	29 160	–	29 162	32 644	35 522	38 013
Executive and council	3 654	3 584	5 230	6 304	–	6 694	10 096	10 829	11 537
Budget and treasury office	13 695	10 129	14 579	16 354	–	16 629	16 478	18 085	19 459
Corporate services	2 218	3 012	4 173	6 501	–	5 840	6 070	6 608	7 017
<i>Community and public safety</i>	826	1 000	1 196	2 709	–	2 358	2 057	2 429	2 950
Community and social services	638	686	1 068	2 225	–	1 923	1 866	2 229	2 366
Sport and recreation	24	1	–	148	–	120	10	15	17
Public safety	15	163	67	336	–	316	182	184	204
Housing	–	–	–	–	–	–	–	–	–
Health	149	149	61	–	–	–	–	–	363
<i>Economic and environmental services</i>	18 647	26 343	24 346	27 850	–	28 126	29 446	31 224	32 799
Planning and development	4 113	4 931	5 957	8 389	–	6 649	8 451	8 820	9 418
Road transport	14 535	21 412	18 389	19 462	–	21 477	20 994	22 404	23 382
Environmental protection	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	21 503	22 715	22 259	26 524	–	28 076	26 016	27 316	29 384
Electricity	8 010	9 612	11 360	14 099	–	14 000	12 757	13 652	14 848
Water	5 405	5 501	3 718	4 383	–	4 478	4 442	4 593	5 008
Waste water management	4 263	4 207	4 188	4 321	–	5 596	5 446	5 716	5 975
Waste management	3 825	3 393	2 993	3 721	–	4 002	3 370	3 354	3 553
<i>Other</i>	27	5	0	55	–	56	21	26	30
Total Expenditure - Standard	60 571	66 788	71 783	86 298	–	87 779	90 184	96 516	103 175
Surplus/(Deficit) for the year	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(1 215)	(8 094)	(7 175)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. However, the table highlights that this is not the case for Electricity, Waste water functions, Waste management function. Only water indicates a surplus for the year.
4. Other functions that show a deficit between revenue and expenditure.

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote									
Vote 1 - Budget & Treasury	19 608	20 295	23 416	27 552	–	28 520	31 166	34 308	38 688
Vote 2 - Community & Social Services	16 604	20 182	20 930	20 664	–	20 767	21 270	21 799	23 128
Vote 3 - Electricity	7 805	7 994	8 615	10 206	–	10 155	10 504	11 242	11 837
Vote 4 - Executive & Council	302	692	1 992	1 423	–	407	373	395	418
Vote 5 - Health	69	9	10	10	–	10	10	11	111
Vote 6 - Planning & Development	1 992	2 100	4 326	11 597	–	11 602	15 235	9 774	10 085
Vote 7 - Public Safety	190	8	–	2	–	2	2	2	2
Vote 8 - Sport & Recreation	21	15	4	6	–	8	10	12	15
Vote 9 - Waste Management	3 979	5 390	9 377	7 788	–	6 901	5 687	5 899	6 434
Vote 10 - Water	12 280	3 936	5 419	3 458	–	4 861	4 711	4 981	5 281
Total Revenue by Vote	62 851	60 620	74 090	82 707	–	83 234	88 969	88 422	96 000
Expenditure by Vote to be appropriated									
Vote 1 - Budget & Treasury	13 695	10 129	14 579	16 354	–	16 629	16 478	18 085	19 459
Vote 2 - Community & Social Services	14 249	19 120	20 645	22 687	–	22 932	24 580	26 776	28 015
Vote 3 - Electricity	8 010	9 612	11 360	14 099	–	14 000	12 757	13 652	14 848
Vote 4 - Executive & Council	3 859	3 777	5 734	7 278	–	7 113	10 708	11 492	12 265
Vote 5 - Health	149	149	61	–	–	–	–	–	363
Vote 6 - Planning & Development	7 078	10 734	8 438	12 971	–	12 592	12 210	12 647	13 469
Vote 7 - Public Safety	15	163	67	336	–	316	182	184	204
Vote 8 - Sport & Recreation	24	1	–	148	–	120	10	15	17
Vote 9 - Waste Management	8 088	7 601	7 181	8 042	–	9 598	8 817	9 070	9 528
Vote 10 - Water	5 405	5 501	3 718	4 383	–	4 478	4 442	4 593	5 008
Total Expenditure by Vote	60 571	66 788	71 783	86 298	–	87 779	90 184	96 516	103 175
Surplus/(Deficit) for the year	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(1 215)	(8 094)	(7 175)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 18 Surplus/(Deficit) calculations for the trading services

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
REVENUE ITEMS:									
Electricity									
Total Revenue	7 805	7 994	8 615	10 206		10 155	10 504	11 242	11 837
Total Expenditure	8 010	9 612	11 360	14 099		14 000	12 757	13 652	14 848
Surplus/(Deficit) for the year	(205)	(1 618)	(2 746)	(3 893)	–	(3 845)	(2 253)	(2 410)	(3 010)
Water Distribution									
Total Revenue	12 280	3 936	5 419	3 458		4 861	4 711	4 981	5 281
Total Expenditure	5 405	5 501	3 718	4 383		4 478	4 442	4 593	5 008
Surplus/(Deficit) for the year	6 875	(1 565)	1 701	(924)	–	384	270	388	273

- The electricity trading deficit is increasing over the 2013/14 MTREF from R2.3 million in 2013/14 to R3 million 2015/16. This is primarily as a result of the non-cost reflective tariffs and ageing infrastructure.
- The surplus on the water account remains relatively constant over the MTREF translating into a surplus of R269k, R389k and a decrease to R273k each of the respective financial years.

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue By Source										
Property rates	4 142	2 533	3 296	6 196	–	5 687	5 687	6 457	7 168	7 662
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	5 866	7 236	7 935	10 178	–	10 127	10 127	10 475	11 212	11 806
Service charges - water revenue	3 232	3 706	4 579	3 431	–	4 834	4 834	4 683	4 952	5 251
Service charges - sanitation revenue	1 596	2 298	2 553	4 517	–	3 629	3 629	3 008	3 051	3 406
Service charges - refuse revenue	2 235	2 431	2 834	3 268	–	3 269	3 269	2 677	2 845	3 026
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	410	409	371	621	–	641	641	539	573	609
Interest earned - external investments	416	351	305	380	–	380	380	380	403	427
Interest earned - outstanding debtors	1 738	1 604	1 624	1 800	–	1 800	1 800	1 908	1 908	2 022
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	15 149	19 134	19 036	19 090	–	19 091	19 091	19 569	20 216	21 427
Licences and permits	301	475	745	419	–	428	428	555	581	628
Agency services	14	15	10	12	–	12	12	12	13	13
Transfers recognised - operational	13 252	17 929	24 276	20 785	–	20 863	20 863	22 785	25 209	29 088
Other revenue	1 431	673	2 261	275	–	738	738	571	607	646
Gains on disposal of PPE	3	25	19	225	–	225	225	225	27	28
Total Revenue (excluding capital transfers and contributions)	49 786	58 818	69 845	71 197	–	71 724	71 724	73 842	78 764	86 038
Expenditure By Type										
Employee related costs	13 211	17 005	20 059	28 606	–	26 660	26 660	30 797	33 225	35 547
Remuneration of councillors	1 693	1 752	1 857	2 030	–	2 284	2 284	2 587	2 742	2 907
Debt impairment	11 932	3 038	4 002	3 174	–	3 174	3 174	3 655	3 364	3 871
Depreciation & asset impairment	5 135	5 404	5 284	5 724	–	5 724	5 724	6 263	6 385	6 751
Finance charges	943	948	851	650	–	617	617	649	717	709
Bulk purchases	5 984	7 539	8 873	9 317	–	9 796	9 796	9 848	10 626	11 465
Other materials	–	–	–	–	–	–	–	–	–	–
Contracted services	9 873	12 558	12 323	10 710	–	10 702	10 702	12 003	12 803	13 204
Transfers and grants	2 659	3 548	3 964	4 986	–	4 986	4 986	4 490	4 568	4 796
Other expenditure	9 142	14 997	14 364	21 093	–	23 828	23 828	19 892	22 085	23 924
Loss on disposal of PPE	–	–	204	7	–	7	7	1	1	1
Total Expenditure	60 571	66 788	71 783	86 298	–	87 779	87 779	90 184	96 516	103 175
Surplus/(Deficit)	(10 785)	(7 971)	(1 938)	(15 101)	–	(16 055)	(16 055)	(16 342)	(17 752)	(17 137)
Transfers recognised - capital	13 065	1 803	4 244	11 510	–	11 510	11 510	15 127	9 658	9 962
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Taxation	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Attributable to minorities	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R71.7 million in 2013/14 and escalates to R73.8 million by 2013/14. This represents a year-on-year increase of 2.8 per cent for the 2012/13 financial year.
2. Revenue to be billed from property rates is R6.5 million in the 2013/14 financial year and increases to R7.2 million by 2014/15.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R20.8 million for the 2013/14 financial year and increasing to R22 million by 2014/15. For the 2013/14 financial year services charges amount to 28 per cent of the total revenue base and grows by an average of 5 per cent per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The following graph illustrates the major expenditure items per type.

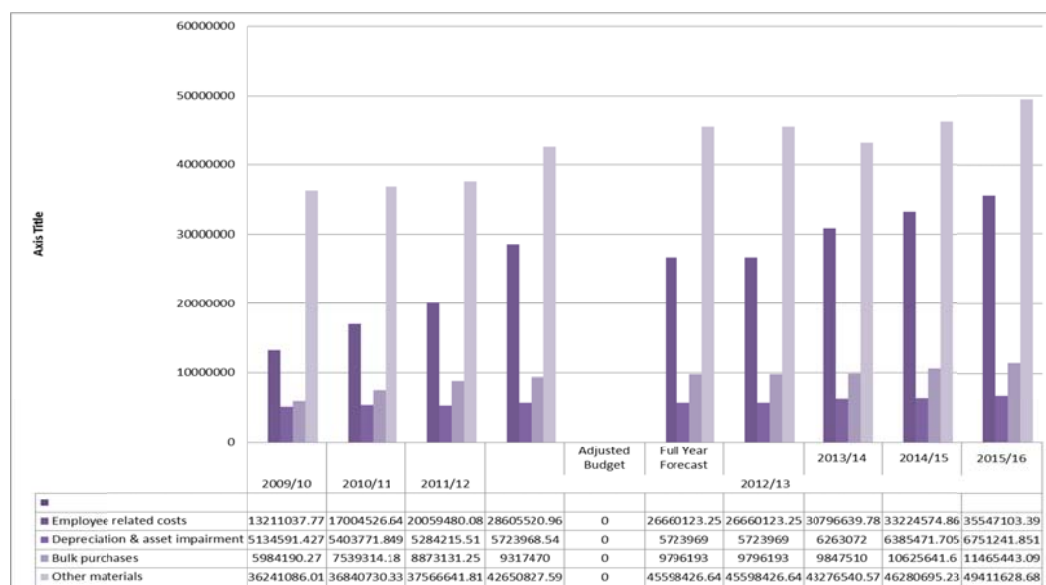


Figure 3 Expenditure by major type

Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community & Social Services	-	-	-	-	-	-	-	-	-	-
Vote 3 - Electricity	-	-	-	-	-	-	-	-	-	-
Vote 4 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 5 - Health	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development	-	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety	-	-	-	-	-	-	-	-	-	-
Vote 8 - Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-	-	-
Vote 10 - Water	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	44	49	22	150	-	150	150	-	-	-
Vote 2 - Community & Social Services	1 013	385	695	2 405	-	2 405	2 405	1 650	-	-
Vote 3 - Electricity	2 474	1 315	813	-	-	-	-	1 600	-	-
Vote 4 - Executive & Council	1 069	674	1 367	460	-	460	460	-	-	-
Vote 5 - Health	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development	1 778	1 968	4 794	4 614	-	4 614	4 614	3 002	5 000	8 212
Vote 7 - Public Safety	-	-	123	-	-	-	-	-	-	-
Vote 8 - Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	760	610	4 916	5 336	-	5 336	5 336	4 675	4 658	1 750
Vote 10 - Water	8 566	1 146	265	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	15 704	6 147	12 994	12 965	-	12 965	12 965	10 927	9 658	9 962
Total Capital Expenditure - Vote	15 704	6 147	12 994	12 965	-	12 965	12 965	10 927	9 658	9 962
Capital Expenditure - Standard										
<i>Governance and administration</i>	1 113	723	1 388	610	-	610	610	-	-	-
Executive and council	1 069	674	1 367	460	-	460	460	-	-	-
Budget and treasury office	44	49	22	150	-	150	150	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	1 013	385	818	2 405	-	2 405	2 405	1 650	-	-
Community and social services	1 013	385	695	2 405	-	2 405	2 405	1 650	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	123	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1 778	1 968	4 794	4 614	-	4 614	4 614	3 002	5 000	8 212
Planning and development	1 778	1 968	4 794	4 614	-	4 614	4 614	3 002	5 000	8 212
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	11 801	3 071	5 994	5 336	-	5 336	5 336	6 275	4 658	1 750
Electricity	2 474	1 315	813	-	-	-	-	1 600	-	-
Water	8 566	1 146	265	-	-	-	-	-	-	-
Waste water management	760	610	4 428	-	-	-	-	-	-	-
Waste management	-	-	488	5 336	-	5 336	5 336	4 675	4 658	1 750
<i>Other</i>	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	15 704	6 147	12 994	12 965	-	12 965	12 965	10 927	9 658	9 962
Funded by:										
National Government	13 065	2 124	-	11 510	-	11 510	11 510	15 127	9 658	9 962
Provincial Government	-	1 307	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	13 065	3 430	-	11 510	-	11 510	11 510	15 127	9 658	9 962
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	177	-	-	-	-	-	-	-	-	-
Internally generated funds	2 462	2 716	-	1 455	-	1 455	1 455	(4 200)	-	-
Total Capital Funding	15 704	6 147	-	12 965	-	12 965	12 965	10 927	9 658	9 962

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programs in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multi-year appropriations have been budgeted for over the MTREF.
3. Single-year capital expenditure has been appropriated at R15.1 million for the 2013/14 financial year and decrease relatively over the MTREF at levels of R9.7 million and R9.9 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year. The budget appropriations for the two outer years are indicative allocations based on the national allocations as informed by the DOR Bill and will be reviewed on an annual basis as the DORA is enacted. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programs are funded from national and provincial grants and transfers.

Table 21 MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
ASSETS										
Current assets										
Cash	675	582	499	–		–	–	4 500	–	–
Call investment deposits	4 219	4 486	916	–	–	–	–	6 500	–	–
Consumer debtors	2 364	2 242	2 039	1 361	–	2 742	2 742	3 382	4 496	5 301
Other debtors	608	306	346	612		346	346	346	346	346
Current portion of long-term receivables	–	–	–	–		–	–	–	–	–
Inventory	380	179	10	80		10	10	10	10	10
Total current assets	8 247	7 794	3 811	2 053	–	3 098	3 098	14 738	4 852	5 657
Non current assets										
Long-term receivables	6	4	–	4		–	–	–	–	–
Investments	1 401	1 425	1 522	1 485		1 613	1 613	1 694	1 779	1 867
Investment property	16 252	16 230	16 207	15 888		16 188	16 188	16 169	16 150	16 132
Investment in Associate	–	–	–	–		–	–	–	–	–
Property, plant and equipment	118 502	119 278	126 672	129 194	–	133 940	133 940	138 632	141 932	145 170
Agricultural	–	–	–	–		–	–	–	–	–
Biological	66	87	157	87		157	157	157	157	157
Intangible	44	35	35	26		26	26	17	8	–
Other non-current assets	2	1	1	0		1	1	1	1	1
Total non current assets	136 272	137 060	144 593	146 686	–	151 925	151 925	156 670	160 027	163 327
TOTAL ASSETS	144 519	144 854	148 404	148 738	–	155 023	155 023	171 408	164 879	168 984
LIABILITIES										
Current liabilities										
Bank overdraft	26	1 581	927	25 239		15 562	15 562	1 400	1 400	1 400
Borrowing	198	231	378	198	–	421	421	468	266	94
Consumer deposits	151	157	172	178		184	184	199	215	232
Trade and other payables	7 997	11 933	10 681	12 061	–	6 921	6 921	7 390	7 896	8 443
Provisions	2 895	3 380	3 697	2 872		3 882	3 882	4 192	4 528	4 890
Total current liabilities	11 265	17 282	15 855	40 548	–	26 969	26 969	13 649	14 305	15 059
Non current liabilities										
Borrowing	922	692	1 250	244	–	829	829	361	94	–
Provisions	4 129	4 846	6 959	5 214	–	7 430	7 430	7 933	8 471	8 074
Total non current liabilities	5 051	5 537	8 208	5 458	–	8 259	8 259	8 294	8 565	8 074
TOTAL LIABILITIES	16 316	22 820	24 063	46 005	–	35 228	35 228	21 943	22 870	23 133
NET ASSETS	128 202	122 034	124 341	102 733	–	119 796	119 796	149 465	142 009	145 851
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	128 202	122 034	124 341	101 673		119 796	119 796	149 465	141 147	145 070
Reserves	–	–	–	1 059	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	128 202	122 034	124 341	102 733	–	119 796	119 796	149 465	141 147	145 070

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	28 255	39 583	40 697	44 810		44 810	44 810	46 403	48 619	51 649
Government - operating	13 252	17 929	24 276	20 785		20 785	20 785	22 785	25 209	29 088
Government - capital	13 065	1 803	4 244	11 510		11 510	11 510	15 127	9 658	9 962
Interest	2 155	1 954	1 929	2 180		2 180	2 180	2 288	2 311	2 449
Dividends	-	-	-	-		-	-	-	-	-
Payments										
Suppliers and employees	(31 920)	(51 644)	(56 897)	(70 730)		(70 730)	(70 730)	(73 843)	(80 100)	(86 535)
Finance charges	(943)	(948)	(851)	(650)		(650)	(650)	(649)	(717)	(709)
Transfers and Grants	(2 659)	(3 548)	(3 964)	(4 986)		(4 986)	(4 986)	(4 490)	(4 568)	(4 796)
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 206	5 130	9 434	2 918	-	2 918	2 918	7 620	411	1 109
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	3	25	154	225		225	225	224	25	27
Decrease (Increase) in non-current debtors	-	-	-	-		-	-	-	-	-
Decrease (increase) other non-current receivable	(24)	(174)	(215)	-		-	-	-	-	-
Decrease (increase) in non-current investments	567	(24)	(97)	(60)		(60)	(60)	(81)	(85)	(89)
Payments										
Capital assets	(15 704)	(6 147)	(12 994)	(12 965)		(12 965)	(12 965)	(10 927)	(9 658)	(9 962)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(15 158)	(6 321)	(13 152)	(12 800)	-	(12 800)	(12 800)	(10 784)	(9 717)	(10 024)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-		-	-	-	-	-
Borrowing long term/refinancing	177	-	1 156	-		-	-	-	-	-
Increase (decrease) in consumer deposits	30	6	15	12		12	12	15	16	17
Payments										
Repayment of borrowing	(169)	(198)	(451)	(236)		(236)	(236)	(421)	(468)	(266)
NET CASH FROM/(USED) FINANCING ACTIVITIES	38	(192)	720	(224)	-	(223)	(223)	(406)	(452)	(249)
NET INCREASE/ (DECREASE) IN CASH HELD	6 085	(1 383)	(2 998)	(10 106)	-	(10 105)	(10 105)	(3 569)	(9 758)	(9 165)
Cash/cash equivalents at the year begin:	(1 216)	4 869	3 486	(15 133)		488	488	5 900	2 331	(7 428)
Cash/cash equivalents at the year end:	4 869	3 486	488	(25 239)	-	(9 617)	(9 617)	2 331	(7 428)	(16 592)

Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	4 869	3 486	488	(25 239)	-	(9 617)	(9 617)	2 331	(7 428)	(16 592)
Other current investments > 90 days	-	-	(0)	0	-	(5 945)	(5 945)	7 269	6 028	15 192
Non current assets - Investments	1 401	1 425	1 522	1 485	-	1 613	1 613	1 694	1 779	1 867
Cash and investments available:	6 270	4 912	2 010	(23 754)	-	(13 949)	(13 949)	11 294	379	467
Application of cash and investments										
Unspent conditional transfers	(60)	4 267	4 279	4 267	-	70	70	70	70	70
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	4 203	4 963	3 331	5 806	-	3 107	3 107	2 901	2 405	2 220
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	4 143	9 229	7 610	10 073	-	3 177	3 177	2 971	2 475	2 290
Surplus(shortfall)	2 127	(4 318)	(5 600)	(33 827)	-	(17 125)	(17 125)	8 323	(2 096)	(1 822)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the MTREF, however the adjustment budget would have given a more pictured view of the financial affairs as at January 2013.
4. The approved 2010/11 MTREF provide for a further net decrease in cash of R238 million for the 2010/11 financial year resulting in an overall projected negative cash position of R82 million at year end.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that the municipality falls into a deficit in the 2014/15 financial year but the situation is anticipated to better in 2015/16.

Table 24 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	15 704	6 147	12 994	12 965	–	12 965	10 927	9 658	9 962
Infrastructure - Road transport	1 778	1 968	4 269	4 614	–	4 614	3 002	5 000	8 212
Infrastructure - Electricity	2 415	1 304	798	–	–	–	1 600	–	–
Infrastructure - Water	8 544	1 146	222	–	–	–	–	–	–
Infrastructure - Sanitation	635	610	4 428	–	–	–	–	–	–
Infrastructure - Other	–	–	488	5 336	–	5 336	4 675	4 658	1 750
Infrastructure	13 372	5 028	10 205	9 950	–	9 950	9 277	9 658	9 962
Community	–	–	221	1 560	–	1 560	1 650	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	2 288	1 119	2 558	1 455	–	1 455	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	44	–	10	–	–	–	–	–	–
Total Renewal of Existing Assets	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport	–	–	–	–	–	–	–	–	–
Infrastructure - Electricity	–	–	–	–	–	–	–	–	–
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	–	–	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	1 778	1 968	4 269	4 614	–	4 614	3 002	5 000	8 212
Infrastructure - Road transport	2 415	1 304	798	–	–	–	1 600	–	–
Infrastructure - Electricity	8 544	1 146	222	–	–	–	–	–	–
Infrastructure - Water	635	610	4 428	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	488	5 336	–	5 336	4 675	4 658	1 750
Infrastructure - Other	13 372	5 028	10 205	9 950	–	9 950	9 277	9 658	9 962
Infrastructure	–	–	221	1 560	–	1 560	1 650	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	2 288	1 119	2 558	1 455	–	1 455	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	44	–	10	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	15 704	6 147	12 994	12 965	–	12 965	10 927	9 658	9 962
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	20 472	19 950	22 276	25 964	–	24 255	24 269	26 349	31 473
Infrastructure - Electricity	15 188	15 869	15 995	14 310	–	15 359	16 285	15 571	14 816
Infrastructure - Water	30 159	30 429	29 617	29 672	–	28 678	27 740	26 686	25 572
Infrastructure - Sanitation	25 940	25 739	29 214	35 139	–	28 343	27 472	26 494	25 460
Infrastructure - Other	–	–	488	–	–	5 825	10 500	15 158	16 908
Infrastructure	91 759	91 989	97 590	105 086	–	102 461	106 266	110 258	114 229
Community	856	848	1 062	2 670	–	2 615	4 256	4 247	4 238
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	16 252	16 230	16 207	15 888	–	16 188	16 169	16 150	16 132
Other assets	25 888	26 441	28 019	21 438	–	28 865	28 219	27 535	26 812
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	66	87	157	87	–	157	157	157	157
Intangibles	44	35	35	26	–	26	17	8	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	134 864	135 630	143 071	145 196	–	150 312	155 085	158 357	161 568
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	5 135	5 404	5 284	5 724	–	5 724	6 263	6 385	6 751
Repairs and Maintenance by Asset Class	1 553	2 154	1 897	5 026	–	7 320	1 718	1 650	1 760
Infrastructure - Road transport	294	503	279	1 110	–	3 010	340	365	375
Infrastructure - Electricity	177	118	309	1 665	–	1 665	215	191	203
Infrastructure - Water	196	330	126	365	–	365	70	75	80
Infrastructure - Sanitation	81	22	67	100	–	100	40	50	60
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	748	974	781	3 240	–	5 140	665	681	718
Community	6	2	16	201	–	201	41	51	58
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	800	1 179	1 100	1 585	–	1 979	1 012	917	984
TOTAL EXPENDITURE OTHER ITEMS	6 688	7 558	7 181	10 750	–	13 044	7 981	8 035	8 512
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of depren"	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE	1.3%	1.8%	1.5%	3.9%	0.0%	5.5%	1.2%	1.2%	1.2%
Renewal and R&M as a % of PPE	1.0%	2.0%	1.0%	3.0%	0.0%	5.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets only with the first requirement as only R1 7 million of the total budget is allocated for Repairs and Maintenance.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.

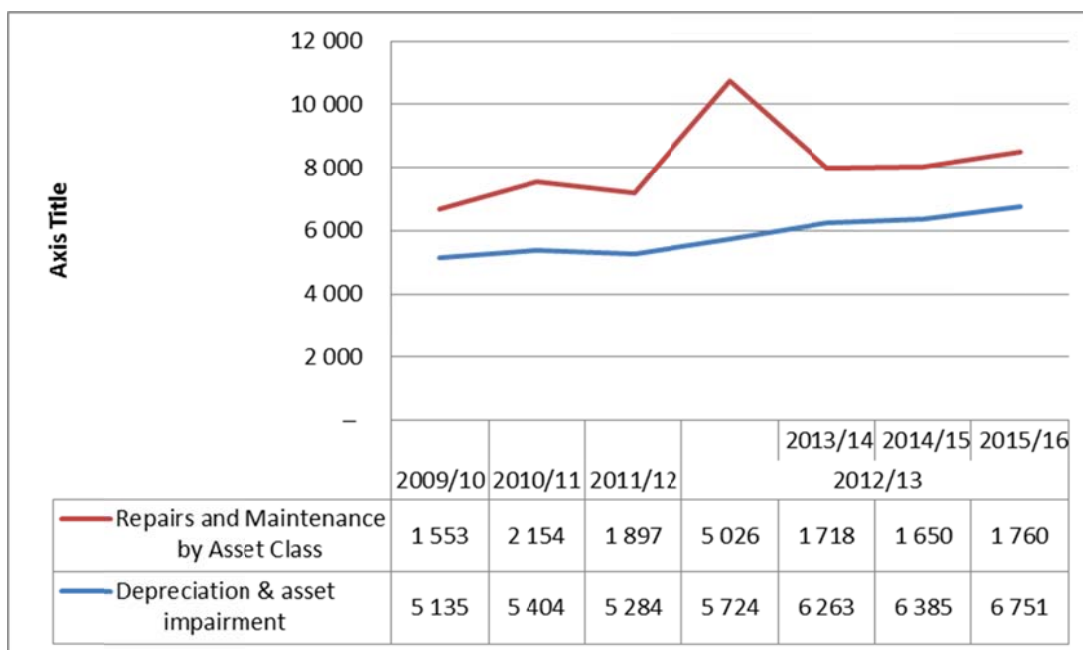


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 25 MBRR Table A10 - Basic Service Delivery Measurement[illegible]

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Completion of this table still remains a challenge to the municipality as there is difference of interpretation of the circular within officials within the municipality.
3. The budget provides for 90 000 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase to 105 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R425 million in 2013/14, increasing to R565 million in 2013/14. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R682 million in free services in 2013/14, and it increases to R920 million in 2013/14. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality.

2.1.1 Budget Process Overview-update with schedule that was approved

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 05 October 2012. Key dates applicable to the process were:

UBUNTU MUNICIPALITY TIME SCHEDULE OF KEY DEADLINES

Mayor to Table in Council 10 Months Prior to Start of Budget Year

Month	Municipality : Ubuntu	Budget Year : 2013/2014
	Mayor and Council / Entity Board	Administration - Municipality and Entity
July	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process</p> <p>MFMA s 53</p> <p>Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist</p>	<p>Accounting officers and senior officials of municipality and entities begin planning for next three-year budget</p> <p>MFMA s 68, 77</p> <p>Accounting officers and senior officials of municipality and entities review options and contracts for service delivery</p> <p>MSA s 76-81</p>
August	<p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP</p> <p>(as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.</p> <p>MFMA s 21,22, 23;</p> <p>MSA s 34, Ch 4 as amended</p>	

	Mayor establishes committees and consultation forums for the budget process	
September	Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans	<p>Budget offices of municipality and entities determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>
October		<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p>MFMA s 35, 36, 42; MTBPS</p>
November		<p>Accounting officer reviews and drafts initial changes to IDP</p> <p>MSA s 34</p>
December	Council finalises tariff (rates and service	Accounting officer and senior officials

	<p>charges) policies for next financial year</p> <p>ISA s 74, 75</p>	<p>consolidate and prepare proposed budget and plans for next financial year taking into account previous years performance as per audited financial statements</p>
January	<p>Entity board of directors must approve and submit proposed budget and plans for next three-year budgets to parent municipality at least 150 days before the start of the budget year</p> <p>MFMA s 87(1)</p>	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)</p> <p>MFMA s 36</p>
February	<p>Council considers municipal entity proposed budget and service delivery plan and accepts or makes recommendations to the entity</p> <p>MFMA s 87(2)</p>	<p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year</p> <p>MFMA s 37(2)</p>
March	<p>Entity board of directors considers recommendations of parent municipality and submit revised budget by 22nd of</p>	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and</p>

	<p>month</p> <p>MFMA s 87(2)</p> <p>Mayor tables municipality budget, budgets of entities, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year</p> <p>MFMA s 16, 22, 23, 87; MSA s 34</p>	<p>submits to NT, PT and others as prescribed</p> <p>MFMA s 22 & 37; MSA Ch 4 as amended</p> <p>Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March</p> <p>MFMA s 42</p>
April	<p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc</p> <p>MFMA s 21</p>	<p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>
May	<p>Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year.</p> <p>MFMA s 23, 24; MSA Ch 4 as amended</p>	<p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p>

	<p>Entity board of directors to approve the budget of the entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council of the parent municipality</p> <p>MFMA s 87</p>	
June	<p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year</p> <p>MFMA s 16, 24, 26, 53</p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and</p>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p>MFMA s 69; MSA s 57</p> <p>Accounting officers of municipality and entities publishes adopted budget and plans</p> <p>MFMA s 75, 87</p>

	<p>makes public within 14 days after approval.</p> <p>MFMA s 53; MSA s 38-45, 57(2)</p> <p>Council must finalise a system of delegations.</p> <p>MFMA s 59, 79, 82; MSA s 59-65</p>	
--	---	--

Abbreviations: **IDP** - Integrated Development Plan; **MFMA** - Local Government: Municipal Finance Management Act, No. 56 of 2003; **MSA** - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; **MTBPS** - National Treasury annual publication, Medium Term Budget and Policy Statement; **NT** - National Treasury; **PT** - Provincial Treasuries; **SDBIP** - Service Delivery and Budget Implementation Plan

There were various deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for

implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2010/11 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, a different approach was attempted to the budget especially around expenditure. Managements wanted to approach the budget around activity based costing, to ensure that we cost our priorities. It was however found that it did pose a challenge but an undertaken was made to gradually

introduce the concept. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth in both population and staff
- Policy priorities and strategic objectives
- Repairs and maintenance
- Inflation
- Performance trends
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft budget was tabled to council on the 31 March 2013. The draft budget was advertised in 3 (The Messenger, Echo, and Courier) local newspapers. The budget was also placed on the Municipal Website for public comments. This document was also available at all our offices and libraries for public viewing. The council and administration also have different consultation meetings on the 24, 25 April 2013 and, 28, 29, 30 May 2013 with the different communities in their ward and with all stakeholders. All inputs received from the public were considered by council. The final budget was tabled before council on 31 May 2013, but the meeting was postponed until the 04 June 2013 where the final budget was approved.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent

is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- National Development Plan : Vision 2030
- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

The different strategies to address these needs can briefly be summarized as follows:

- Infrastructural: Upgrading of water provision, water supply systems as well as the quality of water.
- Housing: Delivery of houses in all categories.
- Transport: Upgrade infrastructure for transport.
- Sanitation: Upgrading of sanitation systems.
- Storm water drainage: Upgrading of drainage systems.
- Solid waste: Improving solid waste management and infrastructure.
- Energy and Electricity: Upgrading of supply to communities.
- Telecommunication: Upgrading of systems.
- Agricultural: Water provision, farming, training.
- Land: Acquiring of land and infrastructure.
- Environment: Improve environment management.
- Economical: Economic development through strategies and training.
- Institutional: Improve administration, implementing transformation structures and training.
- Communities: Poverty alleviation, empowerment, Health, Education and Sport and Recreation.

The status of the following development aspects are:

Roles and Functions clarification of personnel.

- Job descriptions have been done.

Evaluations of Job descriptions

- The job descriptions have been benchmarked with other municipalities

Delegations of powers and functions

- Delegation is in place but it needs to be revised as soon as possible.

Section 78 investigations.

- Investigations on water services already been done.
- Electricity investigation not fully completed.
- Other investigations on services still have to be attended to.

By-laws and policies.

- Bylaws have been completed and officially approved under present situation.
- There are still outstanding bylaws and policy such as:

Purchase service delivery vehicle and equipment.

- Most of the service delivery vehicle and equipment is old and in a very bad conditions. Vehicle and equipments needs to be replaced as soon as possible to enhance service delivery.

GRAP implementation

- Ubuntu is fully GRAP compliant. There are some issues that need more attention. The issues identified in the audit outcome will be addressed in our action plan.

Strategic session for Councillors & Officials.

An annual strategic session is planned for Councillors and Officials during April 2013. The outcome of the planning session will be used to develop strategies of the council for 2013/14 financial year.

Training of Officials.

Refer to annexure G – Skills Development Plan. Currently busy with the revision of the skills development plan

Training of Councillors.

The training needs of the councillors will be identified and incorporated in the skills development plan.

The Municipality has the following structures / committees which are functioning within the Municipality:

- Financial Committee
- Corporate and Community Service Committee
- Technical Committee
- Local Labour Forum
- IDP Representative Forum

- Ward Committees
- Communication Forum
- Audit Committee (Make use of the shared service function of Pixley Ka Seme)
- Tender Committees (Bid Committee & Specification, Adjudication Committee)
- MPAC
- Performance Evaluation Committee

The municipality has aligned the IDP with the National KPA and with the budget. The IDP was consulted with the different communities and stakeholders. This document was also approved by council on the 04 June 2013

Table 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Municipal Institutional Development and transformation	1.1 - Management Services		62	–	0	–	–	–	–	–	–
Municipal Financial Viability LED	1.2 - Finance		15 368	17 741	20 049	21 320	–	22 797	24 688	27 114	30 995
Municipal Financial Viability LED	1.3 - Nature Reserve		36	22	71	36	–	36	21	26	31
Municipal Financial Viability LED	1.4 - Property Tax		4 142	2 533	3 296	6 196	–	5 687	6 457	7 168	7 662
Municipal Financial Viability LED	2.1 - Aerodome		–	–	–	130	–	130	15	15	15
Municipal Financial Viability LED	2.2 - Abattoir		26	27	27	200	–	200	200	–	–
Municipal Institutional Development and transformation	2.3 - Library		950	371	726	753	–	762	764	799	847
Good governance and public participation	2.4 - Administration		178	48	109	41	–	111	92	105	121
LED	2.5 - Licences		15 448	19 725	19 807	19 526	–	19 550	20 185	20 863	22 128
basic service delivery	2.6 - Cemeteries		3	11	261	15	–	15	16	16	17
basic service delivery	3.1 - Electricity		7 805	7 994	8 615	10 206	–	10 155	10 504	11 242	11 837
Good governance and public participation	4.1 - Council General Expenses		1	379	1 766	1 026	–	10	10	10	10
Municipal Institutional Development and transformation	4.2 - Buildings and Offices		301	309	223	390	–	390	356	377	400
Municipal Institutional Development and transformation	4.3 - Municipal Staff Housing		1	4	3	7	–	7	8	8	9
basic service delivery	6.1 - Public Works		1 979	1 843	4 292	11 558	–	11 558	15 174	9 710	10 017
basic service delivery	6.2 - Roads and Stormwater Drainage		–	243	–	3	–	3	3	3	3
Municipal Institutional Development and transformation	6.3 - Commonage		14	13	34	37	–	42	58	62	65
Municipal Institutional Development and transformation	7.1 - Fire Brigade		190	8	–	2	–	2	2	2	2
basic service delivery	8.1 - Parks and Recreation		21	15	4	6	–	8	10	12	15
basic service delivery	9.1 - Sewerage and Sanitation		1 743	2 968	5 986	4 519	–	3 632	3 010	3 054	3 408
basic service delivery	9.2 - Cleansing		2 236	2 422	3 391	3 268	–	3 269	2 677	2 845	3 026
basic service delivery	10.1 - Water Distribution		12 280	3 936	5 419	3 458	–	4 861	4 711	4 981	5 281
???	5.1 - Health Services		69	9	10	10	–	10	10	11	111
Allocations to other priorities											
Total Revenue (excluding capital transfers and contribution)			62 851	60 620	74 090	82 707	–	83 234	88 969	88 422	96 000

Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Municipal Institutional Development and transformation	1.1 - Management Services		3 755	1 397	519	1 516	–	1 735	1 704	1 815	1 946
Municipal Financial Viability LED	1.2 - Finance		5 936	8 992	9 196	11 611	–	11 667	11 410	12 906	13 597
Municipal Financial Viability LED	1.3 - Nature Reserve		111	1	–	53	–	53	–	–	–
Municipal Financial Viability LED	1.4 - Property Tax		3 893	(262)	4 865	3 174	–	3 174	3 364	3 364	3 916
Municipal Financial Viability LED	2.1 - Aerodome		17	5	0	55	–	56	21	26	30
Municipal Financial Viability LED	2.2 - Abattoir		11	–	–	0	–	0	–	–	–
Municipal Institutional Development and transformation	2.3 - Library		638	685	1 068	2 105	–	1 803	1 826	2 189	2 321
Good governance and public participation	2.4 - Administration		2 014	2 819	3 669	5 527	–	5 420	5 458	5 944	6 289
LED	2.5 - Licences		11 570	15 610	15 908	14 879	–	15 534	17 235	18 577	19 330
basic service delivery	2.6 - Cemeteries		–	1	0	120	–	120	40	40	45
basic service delivery	3.1 - Electricity		8 010	9 612	11 360	14 099	–	14 000	12 757	13 652	14 848
Good governance and public participation	4.1 - Council General Expenses		3 654	3 584	5 230	6 304	–	6 694	10 096	10 829	11 537
Municipal Institutional Development and transformation	4.2 - Buildings and Offices		204	193	503	974	–	420	612	664	728
Municipal Institutional Development and transformation	4.3 - Municipal Staff Housing		–	–	–	–	–	–	–	–	–
basic service delivery	6.1 - Public Works		4 094	4 927	5 956	8 377	–	6 637	8 451	8 820	9 418
basic service delivery	6.2 - Roads and Stormwater Drainage		2 965	5 802	2 481	4 582	–	5 943	3 759	3 828	4 051
Municipal Institutional Development and transformation	6.3 - Commonage		19	5	0	12	–	12	–	–	–
Municipal Institutional Development and transformation	7.1 - Fire Brigade		15	163	67	336	–	316	182	184	204
basic service delivery	8.1 - Parks and Recreation		24	1	–	148	–	120	10	15	17
basic service delivery	9.1 - Sewerage and Sanitation		4 263	4 207	4 188	4 321	–	5 596	5 446	5 716	5 975
basic service delivery	9.2 - Cleansing		3 825	3 393	2 993	3 721	–	4 002	3 370	3 354	3 553
basic service delivery	10.1 - Water Distribution		5 405	5 501	3 718	4 383	–	4 478	4 442	4 593	5 008
???	5.1 - Health Services		149	149	61	–	–	–	–	–	363
Allocations to other priorities											
Total Expenditure			60 571	66 788	71 783	86 298	–	87 779	90 184	96 516	103 175

Table 28 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

[illegible]

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. Performance of section 57 managers are measured against agreed performance indicators on a quarterly basis.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

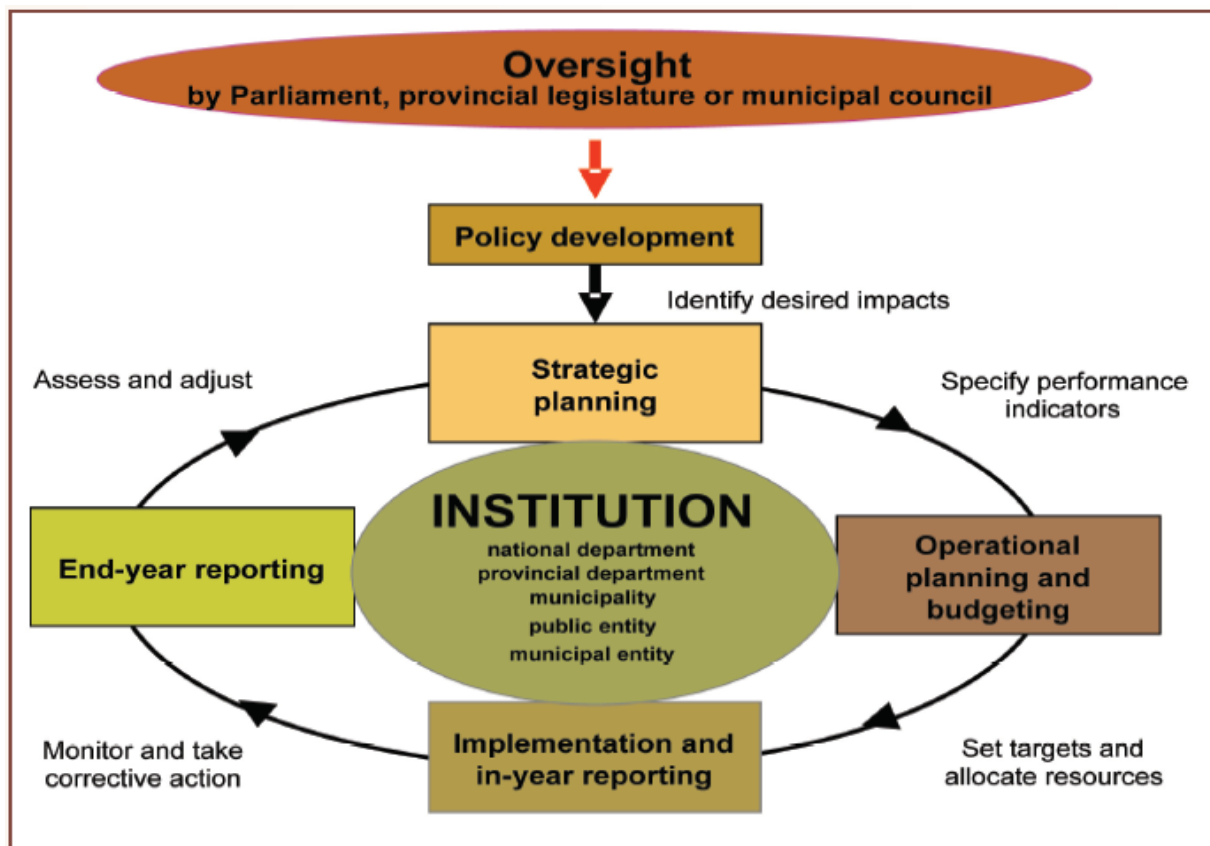


Figure 5 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations.

•

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

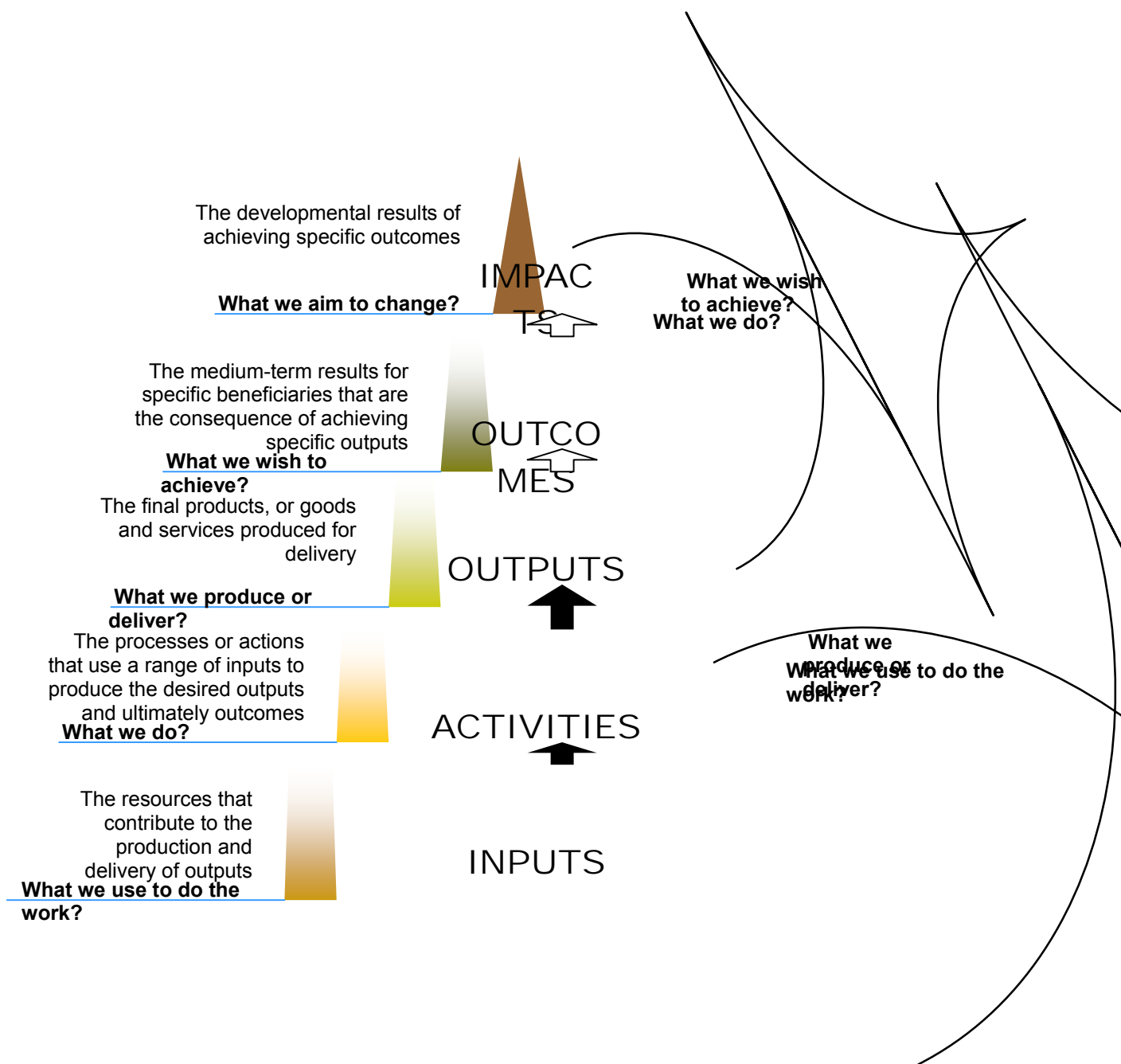


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 29 MBRR Table SA7 - Measurable performance objectives

[illegible]

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 30 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.8%	1.7%	1.8%	1.0%	0.0%	1.0%	1.0%	1.2%	1.2%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.0%	2.8%	2.9%	1.8%	0.0%	1.7%	1.7%	2.1%	2.2%	1.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	6.7%	0.0%	8.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	23.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.7	0.5	0.2	0.1	–	0.1	0.1	1.1	0.3	0.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	0.5	0.2	0.1	–	0.1	0.1	1.1	0.3	0.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.3	0.1	–	–	–	–	0.8	–	–
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	78.2%	97.3%	89.5%	90.0%	0.0%	89.2%	89.2%	92.0%	91.5%	91.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78.2%	97.7%	89.9%	90.0%	0.0%	89.2%	89.2%	92.0%	91.5%	91.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.0%	4.3%	3.4%	2.8%	0.0%	4.3%	4.3%	5.0%	6.1%	6.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		134.2%	213.9%	1121.5%	-30.1%	0.0%	-60.9%	-60.9%	271.6%	-92.0%	-44.5%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.5%	28.9%	28.7%	40.2%	0.0%	37.2%	37.2%	41.7%	42.2%	41.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	29.8%	31.7%	36.1%	42.3%	0.0%	6.3%		7.1%	7.0%	6.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.1%	3.7%	2.7%	7.1%	0.0%	10.2%		2.3%	2.1%	2.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.2%	10.8%	8.8%	9.0%	0.0%	8.8%	8.8%	9.4%	9.0%	8.7%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	17.0	17.2	18.9	–	–	–	18.8	18.4	19.7	21.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.0%	13.7%	11.1%	7.0%	0.0%	11.0%	11.0%	13.4%	16.2%	17.8%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	1.2	0.8	0.1	(4.5)	–	(1.7)	(1.7)	0.4	(1.2)	(2.4)

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The municipality currently just service one loan, which an agreement has been signed with DBSA to restructure the loan from a 13.2% interest rate to 8%

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. Borrowings represents a very small percentage of the total asset base of the municipality and it is seem to decrease over the MTREF.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing it also decrease of the MTREF. Ubuntu anticipates to repay this loan that it took over from the old Richmond municipality by 2015.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality did not take up any loans to fund the capital expenditure budget.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. None of the credit facilities are being utilized to finance municipal assets.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.1 in the 2013/14 financial year however it is seen to decrease over the MTREF.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. It can be observed that the ratio is 0.8 for the 2013/14 financial year. Ubuntu is faced with cashflow challenges; however we are always on time with paying our salaries, 3rd party payments, Bulk suppliers and debit orders. However, this is not making the management to be at ease and is at an everyday task to better the cashflow position of the municipality

2.3.1.4 Revenue Management

- Revenue management is a daily activity of the municipality. Banking are being done daily and daily reconciliations of cash are performed. However, debtors' payments still remains a huge challenge for the municipality. As indicated in the executive summary, 67 percent of households in Ubuntu are indigents. From the 33 percent, some households, who do not fall within the definition of being "poor", can hardly pay. We currently have a host of arrangements in place of customers.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying

daily cash flow management the municipality has managed to ensure a relatively high compliance rate to this legislative obligation.

2.3.1.6 Other Indicators

The Electricity losses (distribution and illegal usage) are still a huge concern for the municipality. We are being challenged with consumers stealing electricity and losses from the transformers. Distribution losses is estimated 25% and the department intends to follow the below mentioned steps to reduce the losses to 15 - 20 %

- Departmental Electricians and Fieldworkers are conducting household's visits to test electricity boxes.
- Funds are being outsourced for the replacement of the old Transformers.

A penalty regarding illegal usage of electricity is R2000.00 and it has been increased to R3500.00 for 2013/14

The water distribution losses have been significantly reduced from 27.6 per cent in 2009/10 to 20 per cent in 2010/11. This has been achieved with the introduction and installation of bulk and Zonal Meters for the detection of Bulk water leakages.

Consumer care register for the reporting of water leaks played a vital role in assisting in the quest of Water conservation and demand management. Water conservation and demand management awareness campaigns will be conducted for reporting leaks from water mains, Household's leak (Sanitary leaks).

It is planned to further reduce distribution losses from 20 per cent in 2011/12 to 10 per cent by 2013/14.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2012/13 financial year 1723 registered indigents have been provided for in the budget with this figured increasing to 1753 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6 kℓ free water, 50 kWh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water - Zingange

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The Municipality obtains its bulk water supply from ground water through various boreholes in the area. From the various boreholes, water is stored in the main concrete reservoirs before gravitating to the network. The ageing networks were noted to be a relatively significant contributor to the water losses in the municipality which must be addressed.

According to the DWA All Town-2011 report it is indicated that the Water Services Authority is not facing any water deficit and the current abstraction is sufficient for the future growth.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

A host of policies are urgently due for review and approval by council, however councillors want the policies to be workshoped before approval. An undertaking was done to have the workshop/approval before the end of the financial year. Thus the policies as is in still operational.

Policies to be reviewed:

2.4.1 Review of credit control and debt collection procedures/policies

The reviewed policy will seek to speak to, amongst others,:

- the over-consumption of indigent households;
- to use prepaid purchases as a measure to recoup arrears, however we are challenged with Eskom arrears and conventional customers;
- Put more stringent punitive measures in place for illegal connections

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

The Fixed asset management must be brought in line with the accounting policy use to craft the basis used for preparing/reporting on PPE. Currently it speaks to different methods of valuing assets.

The investment policy seeks to bring the policy in line with current practices as stipulated in the investment regulations.

2.4.3 Budget Virements Policy

The policy will be brought in line with the provisions of the MFMA and Budget Regulations.

2.4.4 Supply Chain Management Policy

With the assistance of the SCM unit within Provincial Treasury, the propose tariffs will be in line with the latest SCM rules and regulations

2.4.5 Budget Policy

The policy is intended to set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the responsibilities of each senior manager in compiling such budget.

2.4.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. It is further intended to speak to policies issues taken with regards to tariff setting.

2.5 Overview of budget assumptions

2.5.1 External factors

External factors played a pivotal role in the preparation of the budget such as the price of petrol, since our town is very remote, the price of the Rand also have a huge impact.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 34 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook – ask from FNB

Table 31 Credit rating outlook

Security class	Currency	Rating	Annual rating 2009/10	Previous Rating
Short term	Rand	Prime -1	20 April 2010	Prime -1
Long-term	Rand	Aa3	20 April 2010	Aa3
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)

- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

The municipality did not perform a formal rating through a rating agency yet.

2.5.4 Interest rates for borrowing and investment of funds

The municipality did not take up any new loans since the amalgamation. A loan from the previous Richmond municipality was inherited. The loan was taken out with the DBSA.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (72 per cent) of annual billings. Cash flow is assumed to be 72 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

- ↳ Ubuntu Municipality population has grown with 2 226 people grown from 16 375 (2001 census) to 18 601 (census) and households within Ubuntu has increased from 3 575 to 5 129. It is quite alarming that 591 households

have NO INCOME while 2 659 earns between R1 – R2 300. This in itself poses a very huge challenge in revenue collection.

- ↳ Furthermore. 29.09% of the labour force is unemployed (Provincial average is 27.01% and the National average is 32.51%). This translates that 3250 (64% of households) falls within the national definition of being indigent.
- ↳ From the above it is thus evident that only 36% of the Ubuntu households “have” the ability to pay.
- ↳ The Minister quoted the following in his budget speech:
“We all acknowledge that unemployment, poverty and inequality are the greatest challenge facing our country... We will not eradicate this problem overnight. This is like manually moving a mountain and the only way to do it, is to move one rock aside and the next generation, or next government, will do the same until this mountain is moved.”

For Ubuntu unemployment is rife and pose a huge challenge to the tax base of Ubuntu, as we not only have to sometimes use own funding to create jobs but also advance own funding till grant funding get paid over. This impedes on our cashflow management as well. A EPWP Grant of R1 million will flow as a direct transfer to the municipality to create 55 jobs where labour intensive delivery methods can be maximized.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent.

The municipalities took into account the multi-year Salary and Wage Collective Agreement for

the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year. In this regard the municipality budgeted for 6.85% (used average CPI for this period of 5.6 per cent plus 1.25%) A further 2.5% was budgeted for annual notch increases. A 6.4% was budgeted for 2014/2015 and 6% for 2015/2016.

A 6% was budgeted for council remuneration.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

Ubuntu at the previous financial year had spent 100% of its capital budget. All other grants we spent on as well and the same undertaken is envisaged for the 2013/2014 financial year. This performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 32 Breakdown of the operating revenue over the medium-term

Description	2013/14 Medium Term Revenue & Expenditure Framework					
	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Property rates	6023938	8%	6567872	8%	6961945	8%
Service charges	20841771.7	28%	22060210.7	28%	23487517	28%
Investment revenue	380000	1%	402800	1%	426968	1%
Transfers recognised - operational	23785000	32%	25209000	32%	29087700	34%
Other own revenue	23348305	31%	23894473.5	31%	25344160	30%
Total Revenue (excluding capital transfers and contributions)	74379014.69	100%	78134356.2	100%	85308289.31	100%
Total Expenditure	90323762.35		95054383.39		101 694	
Surplus/(Deficit)	-15944747.66		-16920027.19		(16 386)	

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

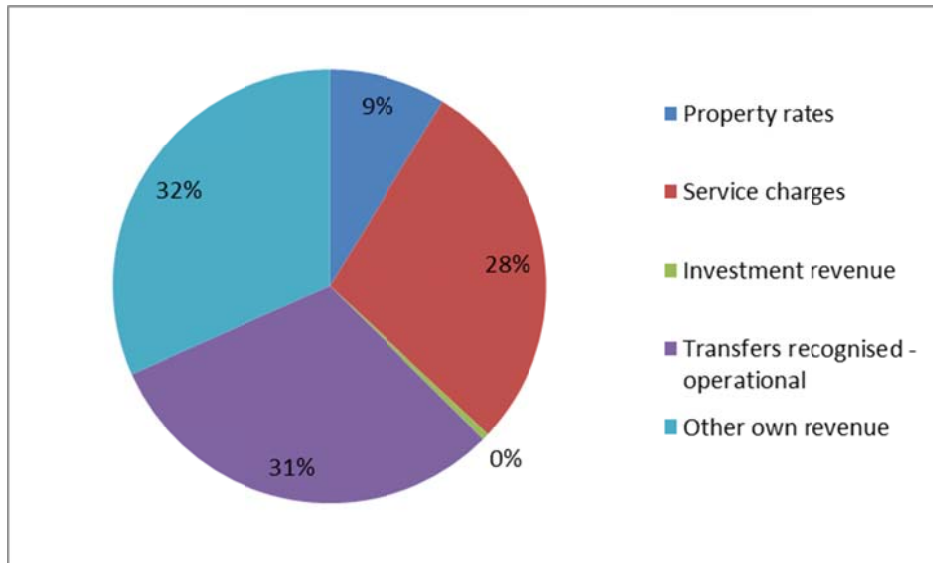


Figure 7 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Traffic Fines;
- Achievement of a 72 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;

- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 33 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2012/13 proposed tariff increase	2013/14 Total Budgeted revenue
	%	%	R'000
Property rates	6	9	6 024
Sanitation	6	6	3 008
Solid Waste	6	6	2 677
Water	6	6	4 834
Electricity	8	6	10 475
Total			27 018

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The valuation roll was valued for four year but an application to extend the valuation roll to the MEC for Cooperative Governance has been approved and it has been tabled in

council. A tender will be going out early in the financial year for the compilation of a new valuation roll.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1

In the 2011/12 financial year the municipality only had a rate for the agriculture property and residential properties. However it has been expanded to business as well. Only impermissible exceptions are granted.

The tables below provide detail investment information and investment particulars by maturity.

Table 34 MBRR SA15 – Detail Investment Information

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		5 620	5 911	1 425	1 485	1 485	1 485	1 684	1 802	1 928
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endow ment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	5 620	5 911	1 425	1 485	1 485	1 485	1 684	1 802	1 928
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endow ment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		5 620	5 911	1 425	1 485	1 485	1 485	1 684	1 802	1 928

Table 35 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months								Rand thousand	
Parent municipality											
FNB - SUBSIDIE KERKSTRAAT		1 Yr	Fixed	Yes	Variable	6.5 - 8.34%	0	na	February 2013	76	6
FNB - CAPITAL REPLACEMENT RESERVE									May 2013	1 409	105
Municipality sub-total										1 485	110
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									1 485	110

The two long term investments are fixed as security against the overdraft facility.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

Description	2013/14 Medium Term Revenue & Expenditure Framework					
	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
National Government	15 127		9658000		9962000	
Provincial Government	-		-		-	
District Municipality	-		-		-	
Other transfers and grants	-		-		-	
Transfers recognised - capital	15 127	100%	9658000	100%	9962000	100%
Public contributions & donations	-	0%	-	0%	-	0%
Borrowing	-	0%	-	0%	-	0%
Internally generated funds	-	0%	-	0%	-	0%
Total Capital funding	15127000	100%	9658000	100%	9962000	100%

The above table is graphically represented as follows for the 2013/14 financial year.

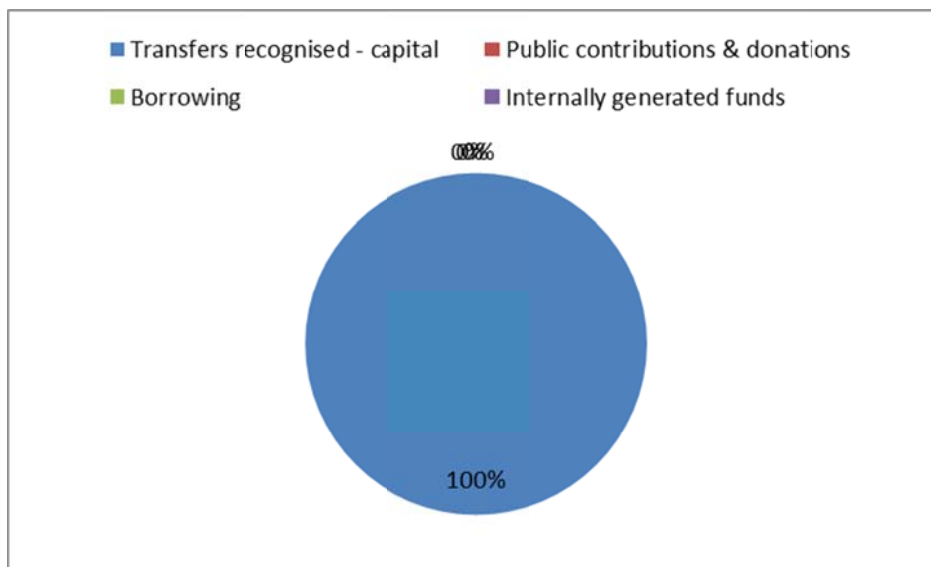


Figure 8 Sources of capital revenue for the 2013/14 financial year

The capital budget is funded a hundred per cent through capital grants.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 37 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	750	597	1 436	175			-		
Long-Term Loans (non-annuity)	-	-	-	-					
Local registered stock	-	-	-	-					
Instalment Credit	-	-	-	-					
Financial Leases	172	95	-	68			361	94	
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	922	692	1 436	244	-	-	361	94	-
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	922	692	1 436	244	-	-	361	94	-

Table 38 MBRR Table SA 18 - Capital transfers and grant receipts

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	12 718	16 161	18 678	20 035	–	20 105	23 025	24 414	28 145
Local Government Equitable Share	11 196	13 986	15 157	17 705		17 705	19 400	21 585	25 118
Municipal Infrastructure Grant	–	243	946	–		–			
Financial Management Grant	621	1 186	1 444	1 500		1 500	1 650	1 800	1 950
Municipal Systems Improvement Grant	850	708	559	800		800	890	934	967
EPWP Grant				–		–	1 000	–	–
Skills Development Fund	51	38	101	30		100	85	95	110
DWAF			471	–		–			
Provincial Government:	684	1 973	589	750	–	758	760	795	943
Library	264	407	589	750		758	760	795	843
Health	59	–	–	–		–	–	–	100
Housing	361	1 566	–	–		–			
District Municipality:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
Other grant providers:	111	223	–	–	–	–	–	–	–
Project Ubuntu Waterservice Plan	111	–							
Water Project	–	223							
Total Operating Transfers and Grants	13 513	18 357	19 266	20 785	–	20 863	23 785	25 209	29 088
Capital Transfers and Grants									
National Government:	14 858	4 701	8 797	11 510	–	11 510	14 127	9 658	9 962
Municipal Infrastructure Grant (MIG)	12 442	4 646	8 542	11 510		11 510	10 927	9 658	9 962
Finance Management Grant	129	14	6						
Municipal Systems Improvement Grant	–	42	231						
INEG	2 287	–					3 200		
DWAF			18				–	–	–
Provincial Government:	–	1 001	469	–	–	–	–	–	–
Library	–	135	134						
Roads (De Ville Street)	–	866	334						
District Municipality:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>	–	–							
Other grant providers:	–	–	–	–	–	–	–	–	–
Project Ubuntu Waterse									
Total Capital Transfers and Grants	14 858	5 702	9 266	11 510	–	11 510	14 127	9 658	9 962
TOTAL RECEIPTS OF TRANSFERS & G	28 371	24 059	28 532	32 295	–	32 373	37 912	34 867	39 050

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 39 MBRR Table A7 - Budget cash flow statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	28 255	39 583	40 697	44 810		44 810	44 810	46 403	48 619	51 649
Government - operating	13 252	17 929	24 276	20 785		20 785	20 785	22 785	25 209	29 088
Government - capital	13 065	1 803	4 244	11 510		11 510	11 510	15 127	9 658	9 962
Interest	2 155	1 954	1 929	2 180		2 180	2 180	2 288	2 311	2 449
Dividends	-	-	-	-		-	-	-	-	-
Payments										
Suppliers and employees	(31 920)	(51 644)	(56 897)	(70 730)		(70 730)	(70 730)	(73 843)	(80 100)	(86 535)
Finance charges	(943)	(948)	(851)	(650)		(650)	(650)	(649)	(717)	(709)
Transfers and Grants	(2 659)	(3 548)	(3 964)	(4 986)		(4 986)	(4 986)	(4 490)	(4 568)	(4 796)
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 206	5 130	9 434	2 918	-	2 918	2 918	7 620	411	1 109
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	3	25	154	225		225	225	224	25	27
Decrease (increase) in non-current debtors	-	-	-	-		-	-	-	-	-
Decrease (increase) other non-current receivable	(24)	(174)	(215)	-		-	-	-	-	-
Decrease (increase) in non-current investments	567	(24)	(97)	(60)		(60)	(60)	(81)	(85)	(89)
Payments										
Capital assets	(15 704)	(6 147)	(12 994)	(12 965)		(12 965)	(12 965)	(10 927)	(9 658)	(9 962)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(15 158)	(6 321)	(13 152)	(12 800)	-	(12 800)	(12 800)	(10 784)	(9 717)	(10 024)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-		-	-	-	-	-
Borrowing long term/refinancing	177	-	1 156	-		-	-	-	-	-
Increase (decrease) in consumer deposits	30	6	15	12		12	12	15	16	17
Payments										
Repayment of borrowing	(169)	(198)	(451)	(236)		(236)	(236)	(421)	(468)	(266)
NET CASH FROM/(USED) FINANCING ACTIVITIES	38	(192)	720	(224)	-	(223)	(223)	(406)	(452)	(249)
NET INCREASE/ (DECREASE) IN CASH HELD	6 085	(1 383)	(2 998)	(10 106)	-	(10 105)	(10 105)	(3 569)	(9 758)	(9 165)
Cash/cash equivalents at the year begin:	(1 216)	4 869	3 486	(15 133)		488	488	5 900	2 331	(7 428)
Cash/cash equivalents at the year end:	4 869	3 486	488	(25 239)	-	(9 617)	(9 617)	2 331	(7 428)	(16 592)

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'.

Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available										
Cash/cash equivalents at the year end	4 869	3 486	488	(25 239)	–	(9 617)	(9 617)	2 331	(7 428)	(16 592)
Other current investments > 90 days	–	–	(0)	0	–	(5 945)	(5 945)	7 269	6 028	15 192
Non current assets - investments	1 401	1 425	1 522	1 485	–	1 613	1 613	1 694	1 779	1 867
Cash and investments available:	6 270	4 912	2 010	(23 754)	–	(13 949)	(13 949)	11 294	379	467
Application of cash and investments										
Unspent conditional transfers	(60)	4 267	4 279	4 267	–	70	70	70	70	70
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	4 203	4 963	3 331	5 806	–	3 107	3 107	2 901	2 405	2 220
Other provisions	–	–	–	–	–	–	–	–	–	–
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:	4 143	9 229	7 610	10 073	–	3 177	3 177	2 971	2 475	2 290
Surplus(shortfall)	2 127	(4 318)	(5 600)	(33 827)	–	(17 125)	(17 125)	8 323	(2 096)	(1 822)

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

From the table it can be seen that the municipality falls into a deficit in the 2014/15 financial year but the situation is anticipated to better in 2015/16.

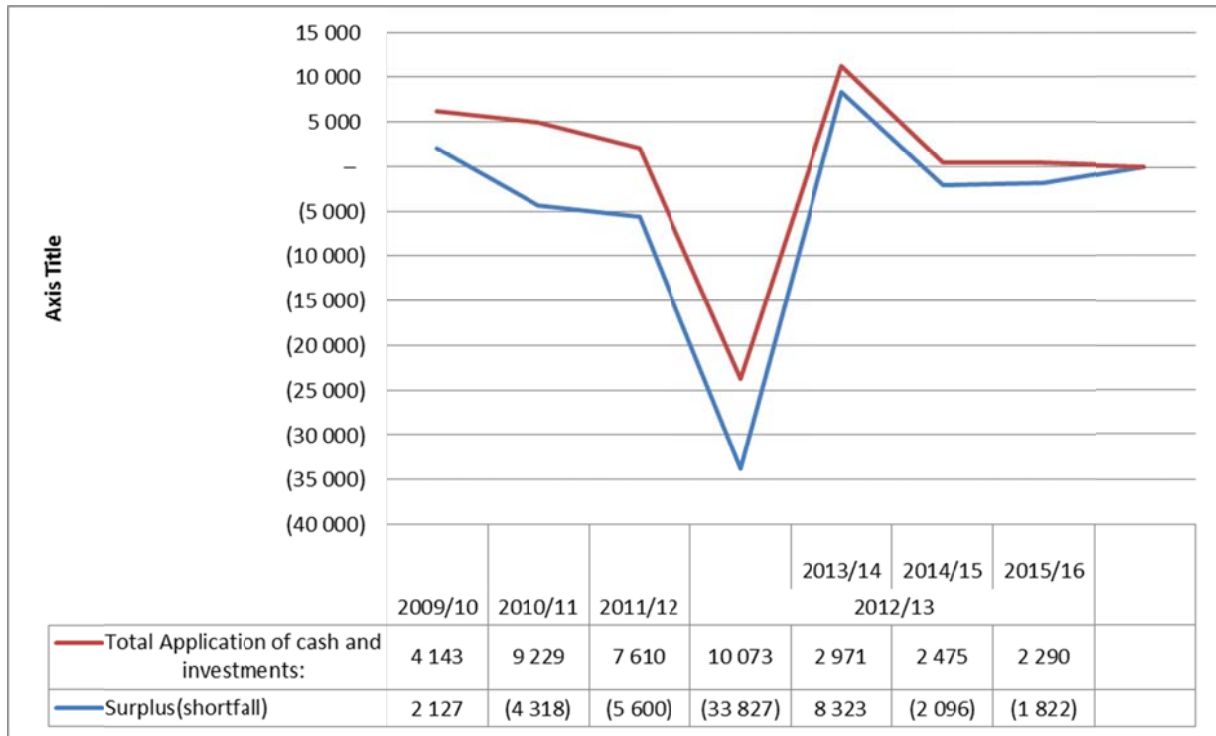


Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 41 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	4 869	3 486	488	(25 239)	–	(9 617)	(9 617)	2 331	(7 428)	(16 592)
Cash + investments at the yr end less applications - R'000	18(1)b	2 127	(4 318)	(5 600)	(33 827)	–	(17 125)	(17 125)	8 323	(2 096)	(1 822)
Cash year end/monthly employee/supplier payments	18(1)b	1.2	0.8	0.1	(4.5)	–	(1.7)	(1.7)	0.4	(1.2)	(2.4)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	N.A.	0.6%	10.4%	24.2%	(106.0%)	(6.0%)	(6.0%)	(6.0%)	1.1%	0.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	78.2%	97.7%	89.9%	90.0%	0.0%	89.2%	89.2%	92.0%	91.5%	91.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	68.3%	16.3%	18.6%	11.3%	0.0%	11.3%	11.3%	13.1%	11.3%	12.2%
Capital payments % of capital expenditure	18(1)c:19	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	6.7%	0.0%	8.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(14.3%)	(6.3%)	(17.3%)	(100.0%)	0.0%	0.0%	0.0%	29.9%	16.6%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(21.4%)	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.3%	1.8%	1.5%	3.9%	0.0%	5.5%	1.3%	1.2%	1.2%	1.2%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality

be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. This formula tends to test the available cash on hand to cover your fixed commitments if no "income" is collected.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days as capital payments is fully funded from National grants.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. The municipality did not make any contribution from own funding.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than

100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The municipality budgeted for relative low levels of repairs and maintenance over the MTREF.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 42 MBRR SA19 - Expenditure on transfers and grant programmes

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium-Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	12 718	15 847	18 992	20 035	–	20 105	23 025	24 414	28 145
Local Government Equitable Share	11 196	13 986	15 157	17 705	–	17 705	19 400	21 585	25 118
Municipal Infrastructure Grant	–	243	946						
Financial Management Grant	621	1 186	1 444	1 500		1 500	1 650	1 800	1 950
Municipal Systems Improvement Grant	850	394	873	800		800	890	934	967
EPWP Grant	–	–	–	–			1 000	–	–
Skills Development Fund	51	38	101	30		100	85	95	110
DWAF			471						
Provincial Government:	385	232	587	750	–	758	760	795	943
Library Grant	264	232	587	750		758	760	795	843
Health	59	–	–						100
Housing	62	–	–						
0									
District Municipality:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
Other grant providers:	149	223	–	–	–	–	–	–	–
<i>Project Ubuntu Waterservice Plan</i>	111	–							
<i>Water Project</i>	38	223							
Total operating expenditure of Transfers and Grants	13 252	16 302	19 579	20 785	–	20 863	23 785	25 209	29 088
Capital expenditure of Transfers and Grants									
National Government:	13 065	2 124	8 778	11 510	–	11 510	14 127	9 658	9 962
Municipal Infrastructure Grant	11 110	1 299	8 319	11 510		11 510	10 927	9 658	9 962
Finance Management Grant	129	14	6						
Municipal Systems Improvement Grant	–	42	231						
INEG	1 826	769	–				3 200		
	–	–	–						
DWAF	–	–	222				–	–	–
Provincial Government:	–	1 307	163	–	–	–	–	–	–
Library	–	135	134						
Roads (De Ville Street)	–	1 172	28						
District Municipality:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
Other grant providers:	–	–	–	–	–	–	–	–	–
<i>Project Ubuntu Waterse</i>									
Total capital expenditure of Transfers and Grants	13 065	3 430	8 941	11 510	–	11 510	14 127	9 658	9 962
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	26 317	19 732	28 520	32 295	–	32 373	37 912	34 867	39 050

Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 medium-term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	–	–	314	314		–	(314)	(314)	(314)
Paid back to NT	–	–	–			(314)			
Current year receipts	12 718	16 161	18 678	20 035		20 105	23 025	24 414	28 145
Conditions met - transferred to revenue	12 718	15 847	18 992	20 035	–	20 105	23 025	24 414	28 145
Conditions still to be met - transferred to liability	–	314	–	314		(314)	(314)	(314)	(314)
Provincial Government:									
Balance unspent at beginning of the year	–	1 679	175	(131)		176	176	176	176
Transfer to/from debtors	3 846	(3 245)	–	–					
Write Downs	(2 466)	–	–	–					
Current year receipts	684	1 973	589	750		758	760	795	943
Conditions met - transferred to revenue	385	232	587	750	–	758	760	795	943
Conditions still to be met - transferred to liability	1 679	175	176	(131)		176	176	176	176
District Municipality:									
Balance unspent at beginning of the year	–	–	–	–		–	–	–	–
Current year receipts	–	–	–	–		–	–	–	–
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liability	–	–	–	–		–	–	–	–
Other grant providers:									
Balance unspent at beginning of the year	227	189	189	189		189	189	189	189
Current year receipts	111	223	–	–		–	–	–	–
Conditions met - transferred to revenue	149	223	–	–	–	–	–	–	–
Conditions still to be met - transferred to liability	189	189	189	189		189	189	189	189
Total operating transfers and grants revenue	13 252	16 302	19 579	20 785	–	20 863	23 785	25 209	29 088
Total operating transfers and grants - CTBM	1 868	678	365	372	–	51	51	51	51
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	382	1 317	3 895	3 895		3 913	19	19	19
Transfer to/from debtors	858	–	–	–		–	–	–	–
Paid back to NT						(3 895)	–	–	–
Current year receipts	14 858	4 701	8 797	11 510		11 510	14 127	9 658	9 962
Conditions met - transferred to revenue	13 065	2 124	8 778	11 510	–	11 510	14 127	9 658	9 962
Conditions still to be met - transferred to liability	1 317	3 895	3 913	3 895		19	19	19	19
Provincial Government:									
Balance unspent at beginning of the year	–	–	–	–					
Transfer to/from debtors	–	(306)	306	–					
Current year receipts	–	1 001	469	–		–	–	–	–
Conditions met - transferred to revenue	–	1 307	163	–	–	–	–	–	–
Conditions still to be met - transferred to liability	–	–	–	–					
District Municipality:									
Balance unspent at beginning of the year	–	–	–	–		–	–	–	–
Current year receipts	–	–	–	–		–	–	–	–
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liability	–	–	–	–		–	–	–	–
Other grant providers:									
Balance unspent at beginning of the year	–	–	–	–		–	–	–	–
Current year receipts	–	–	–	–		–	–	–	–
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liability	–	–	–	–		–	–	–	–
Total capital transfers and grants revenue	13 065	3 430	8 941	11 510	–	11 510	14 127	9 658	9 962
Total capital transfers and grants - CTBM	1 317	3 895	3 913	3 895	–	19	19	19	19
TOTAL TRANSFERS AND GRANTS REVENUE	26 317	19 732	28 520	32 295	–	32 373	37 912	34 867	39 050
TOTAL TRANSFERS AND GRANTS - CTBM	3 185	4 573	4 279	4 267	–	70	70	70	70

2.8 Councillor and employee benefits

Table 44 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	1 514	1 602	1 650	1 850	1 850	1 850	1 663	1 763	1 869
Pension and UIF Contributions	179	150	200	200	200	200	227	241	255
Medical Aid Contributions									
Motor Vehicle Allowance							554	588	623
Cellphone Allowance							142	151	160
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	1 693	1 752	1 850	2 050	2 050	2 050	2 587	2 742	2 907
% Increase		3.5%	5.6%	10.8%	-	0.0%	26.2%	6.0%	6.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	1 326	1 529	1 652	1 670	1 670	1 670	1 784	1 891	2 005
Pension and UIF Contributions	206	169	206	280	280	280	300	318	337
Medical Aid Contributions	35	74	37	113	113	113	121	128	136
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	212	-	249	-	-	-	-	-	-
Motor Vehicle Allowance	384	440	377	397	397	397	424	450	477
Cellphone Allowance	17	17	17	21	21	21	22	23	25
Housing Allowances	12	12	12	-	-	-	-	-	-
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	2 192	2 241	2 550	2 481	2 481	2 481	2 651	2 811	2 979
		2.2%	13.8%	(2.7%)	-	-	6.8%	6.0%	6.0%
Other Municipal Staff									
Basic Salaries and Wages	7 855	10 237	14 788	16 410			17 885	19 315	20 711
Pension and UIF Contributions	1 368	1 556	2 544	4 058			4 486	4 845	5 233
Medical Aid Contributions	160	208	99	256			473	511	552
Overtime	625	1 103	949	1 369			1 462	1 579	1 706
Performance Bonus	506	396	1 026	1 178			1 259	1 359	1 468
Motor Vehicle Allowance	219	227	320	285			304	329	355
Cellphone Allowance	10	7	17	517			552	596	644
Housing Allowances	36	34	73	98			105	113	122
Other benefits and allowances	61	213	161	169			180	195	210
Payments in lieu of leave	44	604	222	856			915	988	972
Long service awards	8	4	-	-			97	105	83
Post-retirement benefit obligations	79	90	600	400			427	478	512
Sub Total - Other Municipal Staff	10 970	14 680	20 797	25 596	-	-	28 146	30 414	32 568
		33.8%	41.7%	23.1%	(100.0%)	-	-	8.1%	7.1%
Total Parent Municipality	14 856	18 673	25 198	30 127	4 531	4 531	33 384	35 966	38 454
		25.7%	34.9%	19.6%	(85.0%)	0.0%	636.7%	7.7%	6.9%
Board Members of Entities									
Sub Total - Board Members of Entities	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Senior Managers of Entities									
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Other Staff of Entities									
Sub Total - Other Staff of Entities	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Total Municipal Entities	-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS	14 856	18 673	25 198	30 127	4 531	4 531	33 384	35 966	38 454
		25.7%	34.9%	19.6%	(85.0%)	0.0%	636.7%	7.7%	6.9%
TOTAL MANAGERS AND STAFF	13 162	16 921	23 348	28 077	2 481	2 481	30 797	33 224	35 547

Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker							-
Chief Whip		148 187	17 782	74 175			240 145
Executive Mayor		385 173	46 221	174 587			605 981
Deputy Executive Mayor		811 230	92 423	406 517			1 310 171
Executive Committee							-
Total for all other councillors							-
Total Councillors	-	1 344 591	156 426	655 280			2 156 296
Senior Managers of the Municipality							
Accounting Officer		568 845	169 361	170 019			908 225
Chief Finance Officer		427 365	201 753	165 360			794 478
Director: Technical Services		323 997	182 254	141 042			647 293
Director: Corporate Services		411 966	115 381	76 932			604 278
							-
							-
List of each official with packages >= senior manager							
Deputy Director: Technical Services		510 745	3 311	108 054			622 111
Deputy Director: Corporate Services		397 014	107 984	72 000			576 998
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	-	2 639 931	780 044	733 407	-		4 153 383
A Heading for Each Entity							
List each member of board by designation							
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total for municipal entities	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	-	3 984 522	936 470	1 388 687	-		6 309 679

(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)

Table 46 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers				Current Year 2012/13			Budget Year 2013/14		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	8	1	7	8	1	7	8	1	7
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	4	–	4	4	–	4	4	–	4
Other Managers	3	–	3						
Professionals	25	22	3	25	22	3	25	22	3
Finance	3	–	3	3	–	3	3	–	3
Spatial/town planning	17	17	–	17	17	–	17	17	–
Information Technology									
Roads									
Electricity	2	2	–	2	2	–	2	2	–
Water									
Sanitation									
Refuse									
Other	3	3	–	3	3	–	3	3	–
Technicians	161	140	21	161	140	21	161	140	21
Finance	30	12	18	30	12	18	30	12	18
Spatial/town planning	22	20	2	22	20	2	22	20	2
Information Technology									
Roads	17	17	–	17	17	–	17	17	–
Electricity	7	7	–	7	7	–	7	7	–
Water	7	7	–	7	7	–	7	7	–
Sanitation	21	21	–	21	21	–	21	21	–
Refuse	36	36	–	36	36	–	36	36	–
Other	21	20	1	21	20	1	21	20	1
Clerks (Clerical and administrative)									
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators									
Elementary Occupations									
TOTAL PERSONNEL NUMBERS	201	163	38	198	163	35	198	163	35
% Increase				(1.5%)	–	(7.9%)	–	–	–
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												Medium-term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
R thousand															
Revenue By Source	137	137	137	4 518	137	137	137	137	137	137	137	(5 887)	—	—	—
Property rates												6 457	6 457	7 168	7 662
Property rates - penalties & collection charges	873	873	873	873	873	873	873	873	873	873	873	(9 602)	—	—	—
Service charges - electricity revenue	390	390	390	390	390	390	390	390	390	390	390	6 182	10 475	11 212	11 806
Service charges - water revenue	251	251	251	251	251	251	251	251	251	251	251	1 926	4 683	4 952	5 251
Service charges - sanitation revenue	223	223	223	223	223	223	223	223	223	223	223	554	3 008	3 051	3 406
Service charges - refuse revenue												2 677	2 677	2 845	3 026
Service charges - other	45	45	45	45	45	45	45	45	45	45	45	(494)	—	—	—
Rental of facilities and equipment	32	32	32	32	32	32	32	32	32	32	32	191	539	573	609
Interest earned - external investments	159	159	159	159	159	159	159	159	159	159	159	(1 369)	380	403	427
Interest earned - outstanding debtors												1 908	1 908	1 908	2 022
Dividends received	652	652	652	652	652	652	5 871	4 892	2 935	652	652	(18 916)	—	—	—
Fines	46	46	46	46	46	46	46	46	46	46	46	19 060	19 569	20 216	21 427
Licences and permits	1	1	1	1	1	1	1	1	1	1	1	544	555	581	628
Agency services	11 493	45	45	45	6 447	45	45	45	4 895	45	45	(23 184)	12	13	13
Transfers recognised - operational	45	45	45	45	45	45	45	45	45	45	45	23 289	23 785	25 209	29 088
Other revenue	—	—	—	—	—	—	—	—	—	—	—	571	571	607	646
Gains on disposal of PPE	14 347	2 899	2 899	7 280	9 301	2 899	8 118	7 139	10 032	2 899	2 899	3 905	74 617	78 738	86 010
0															
Expenditure By Type	4 078	2 944	2 073	2 470	2 248	2 767	2 794	2 219	2 072	2 470	2 098	(28 233)	—	—	—
Employee related costs	207	207	207	207	207	207	255	246	246	246	246	28 316	30 797	33 225	35 547
Remuneration of councillors	—	—	—	—	—	—	—	—	—	—	—	2 587	2 587	2 742	2 907
Debt impairment	—	—	—	—	—	—	—	—	—	—	—	3 655	3 655	3 364	3 871
Depreciation & asset impairment	54	54	54	54	54	54	54	54	54	54	54	5 669	6 263	6 385	6 751
Finance charges	1 700	1 600	560	560	560	560	560	560	560	560	560	(7 691)	649	717	709
Bulk purchases												9 848	9 848	10 626	11 465
Other materials	430	320	320	580	320	620	3 601	3 001	1 800	320	320	(11 632)	—	—	—
Contracted services	—	—	—	1 496	374	374	374	374	374	374	374	7 889	12 003	12 803	13 204
Transfers and grants	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	(13 744)	4 490	4 568	4 796
Other expenditure	—	—	—	—	—	—	—	—	—	—	—	19 892	19 892	22 085	23 924
Loss on disposal of PPE	8 126	6 783	4 872	7 025	5 421	6 239	9 295	8 111	6 764	5 682	5 310	16 554	90 183	96 515	103 174
0															
Surplus/(Deficit)	6 221	(3 884)	(1 973)	255	3 880	(3 340)	(1 178)	(972)	3 268	(2 783)	(2 411)	(12 650)	(15 566)	(17 777)	(17 164)
Transfers recognised - capital	3 824				3 824				3 278			(26 269)	(15 342)	(17 752)	(17 137)
Contributions recognised - capital												14 127	14 127	9 658	9 962
Contributed assets	10 045	(3 884)	(1 973)	255	7 705	(3 340)	(1 178)	(972)	6 546	(2 783)	(2 411)	(24 791)	(16 780)	(25 871)	(24 339)
Surplus/(Deficit) after capital transfers & contributions												(1 215)	(1 215)	(8 094)	(7 175)
Surplus/(Deficit) after taxation												(1 215)	(1 215)	(8 094)	(7 175)
Surplus/(Deficit) attributable to municipality												(1 215)	(1 215)	(8 094)	(7 175)
0															
	10 045	(3 884)	(1 973)	255	7 705	(3 340)	(1 178)	(972)	6 546	(2 783)	(2 411)	(28 435)	(20 424)	(50 154)	(45 865)

Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote															
Vote 1 - Budget & Treasury	10 968	408	408	4 789	6 313	408	408	408	4 881	408	408	1 363	31 166	34 308	38 688
Vote 2 - Community & Social Services	1 115	708	708	708	936	708	5 927	4 949	3 164	708	708	929	21 270	21 799	23 128
Vote 3 - Electricity	875	875	875	875	875	875	875	875	875	875	875	877	10 504	11 242	11 837
Vote 4 - Executive & Council	31	31	31	31	31	31	31	31	31	31	31	32	373	395	418
Vote 5 - Health	1	1	1	1	1	1	1	1	1	1	1	1	10	11	111
Vote 6 - Planning & Development	4 314	8	8	8	4 102	8	8	8	3 491	8	8	3 260	15 235	9 774	10 085
Vote 7 - Public Safety	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Vote 8 - Sport & Recreation	1	1	1	1	1	1	1	1	1	1	1	1	10	12	15
Vote 9 - Waste Management	474	474	474	474	474	474	474	474	474	474	474	473	5 687	5 899	6 434
Vote 10 - Water	393	393	393	393	393	393	393	393	393	393	393	394	4 711	4 981	5 281
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	18 171	2 899	2 899	7 280	13 125	2 899	8 118	7 139	13 310	2 899	2 899	7 330	88 969	88 422	96 000
Expenditure by Vote to be appropriated															
Vote 1 - Budget & Treasury	1 394	1 158	977	1 113	1 026	1 135	1 140	1 020	990	1 073	995	4 457	16 478	18 085	19 459
Vote 2 - Community & Social Services	1 853	1 408	1 150	1 528	1 202	1 656	4 644	3 874	2 631	1 268	1 158	2 208	24 580	26 776	28 015
Vote 3 - Electricity	1 835	1 694	670	937	740	761	762	739	733	749	734	2 405	12 757	13 652	14 848
Vote 4 - Executive & Council	920	891	868	878	873	886	935	911	907	917	908	815	10 708	11 492	12 265
Vote 5 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	363
Vote 6 - Planning & Development	1 084	805	591	688	634	761	768	627	591	688	597	4 376	12 210	12 647	13 469
Vote 7 - Public Safety	15	15	15	15	15	15	15	15	15	15	15	15	182	184	204
Vote 8 - Sport & Recreation	1	1	1	1	1	1	1	1	1	1	1	1	10	15	17
Vote 9 - Waste Management	744	570	437	1 333	672	752	756	668	645	706	649	883	8 817	9 070	9 528
Vote 10 - Water	280	241	163	532	258	273	274	257	252	264	253	1 395	4 442	4 593	5 008
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	8 126	6 783	4 872	7 025	5 421	6 239	9 295	8 111	6 764	5 682	5 310	16 555	90 184	96 516	103 175
Surplus/(Deficit) before assoc.	10 045	(3 884)	(1 973)	255	7 705	(3 340)	(1 178)	(972)	6 546	(2 783)	(2 411)	(9 226)	(1 215)	(8 094)	(7 175)
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	10 045	(3 884)	(1 973)	255	7 705	(3 340)	(1 178)	(972)	6 546	(2 783)	(2 411)	(9 226)	(1 215)	(8 094)	(7 175)

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard															
<i>Governance and administration</i>	11 040	439	439	4 820	6 368	439	439	439	4 930	439	439	1 398	31 631	34 809	39 228
Executive and council	1	1	1	1	1	1	1	1	1	1	1	2	18	18	19
Budget and treasury office	10 968	408	408	4 789	6 313	408	408	408	4 881	408	408	1 363	31 166	34 308	38 688
Corporate services	71	30	30	30	53	30	30	30	48	30	30	33	447	482	521
<i>Community and public safety</i>	370	5	5	5	209	5	6	5	160	5	5	23	801	840	992
Community and social services	369	3	3	3	207	3	4	4	158	3	3	21	779	815	864
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	10	12	15
Public safety	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	1	1	1	1	1	1	1	1	1	1	1	1	10	11	111
<i>Economic and environmental services</i>	5 018	712	712	712	4 806	712	5 930	4 952	6 477	712	712	3 963	35 419	30 637	32 213
Planning and development	4 314	8	8	8	4 102	8	8	8	3 491	8	8	3 257	15 232	9 771	10 082
Road transport	704	704	704	704	704	704	5 921	4 943	2 986	704	704	706	20 187	20 866	22 131
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 744	20 902	22 122	23 553
Electricity	875	875	875	875	875	875	875	875	875	875	875	877	10 504	11 242	11 837
Water	393	393	393	393	393	393	393	393	393	393	393	394	4 711	4 981	5 281
Waste water management	251	251	251	251	251	251	251	251	251	251	251	251	3 010	3 054	3 408
Waste management	223	223	223	223	223	223	223	223	223	223	223	223	2 677	2 845	3 026
<i>Other</i>	1	1	1	1	1	1	1	1	1	1	1	201	215	15	15
Total Revenue - Standard	18 171	2 899	2 899	7 280	13 125	2 899	8 118	7 139	13 310	2 899	2 899	7 330	88 969	88 422	96 000
		3 787	3 787	8 168	18 312	3 787	9 006	8 028	17 836	3 787	3 787				
Expenditure - Standard															
<i>Governance and administration</i>	2 870	2 475	2 172	2 363	2 246	2 427	2 484	2 275	2 224	2 362	2 233	6 515	32 644	35 522	38 013
Executive and council	850	837	827	832	829	835	883	868	866	871	867	732	10 096	10 829	11 537
Budget and treasury office	1 394	1 158	977	1 113	1 026	1 135	1 140	1 020	990	1 073	995	4 457	16 478	18 085	19 459
Corporate services	626	480	368	419	390	457	460	386	368	419	371	1 326	6 070	6 608	7 017
<i>Community and public safety</i>	223	184	155	168	161	178	179	160	155	168	155	171	2 057	2 429	2 950
Community and social services	207	168	139	152	145	162	163	144	139	152	139	155	1 866	2 229	2 366
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	10	15	17
Public safety	15	15	15	15	15	15	15	15	15	15	15	15	182	184	204
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	363
<i>Economic and environmental services</i>	2 173	1 617	1 274	1 690	1 343	1 847	4 839	4 012	2 754	1 430	1 284	5 183	29 446	31 224	32 799
Planning and development	1 084	805	591	688	634	761	768	627	591	688	597	617	8 451	8 820	9 418
Road transport	1 089	812	683	1 002	709	1 086	4 070	3 385	2 164	742	687	4 565	20 994	22 404	23 382
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	2 859	2 505	1 270	2 802	1 670	1 786	1 792	1 663	1 630	1 719	1 636	4 684	26 016	27 316	29 384
Electricity	1 835	1 694	670	937	740	761	762	739	733	749	734	2 405	12 757	13 652	14 848
Water	280	241	163	532	258	273	274	257	252	264	253	1 395	4 442	4 593	5 008
Waste water management	483	367	279	792	415	468	470	412	397	437	399	528	5 446	5 716	5 975
Waste management	261	203	158	541	258	284	286	256	249	269	250	355	3 370	3 354	3 553
<i>Other</i>	2	2	2	2	2	2	2	2	2	2	2	3	21	26	30
Total Expenditure - Standard	8 126	6 783	4 872	7 025	5 421	6 239	9 295	8 111	6 764	5 682	5 310	16 555	90 184	96 516	103 175
Surplus/(Deficit) before assoc.	10 045	(3 884)	(1 973)	255	7 705	(3 340)	(1 178)	(972)	6 546	(2 783)	(2 411)	(9 226)	(1 215)	(8 094)	(7 175)
Share of surplus/ (deficit) of associate													–	–	–
Surplus/(Deficit)	10 045	(3 884)	(1 973)	255	7 705	(3 340)	(1 178)	(972)	6 546	(2 783)	(2 411)	(9 226)	(1 215)	(8 094)	(7 175)

Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated															
Vote 1 - Budget & Treasury												-	-	-	-
Vote 2 - Community & Social Services												-	-	-	-
Vote 3 - Electricity												-	-	-	-
Vote 4 - Executive & Council												-	-	-	-
Vote 5 - Health												-	-	-	-
Vote 6 - Planning & Development												-	-	-	-
Vote 7 - Public Safety												-	-	-	-
Vote 8 - Sport & Recreation												-	-	-	-
Vote 9 - Waste Management												-	-	-	-
Vote 10 - Water												-	-	-	-
Vote 11 - [NAME OF VOTE 11]												-	-	-	-
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated															
Vote 1 - Budget & Treasury												-	-	-	-
Vote 2 - Community & Social Services			650			1 000						-	1 650	-	-
Vote 3 - Electricity						800			800			-	1 600	-	-
Vote 4 - Executive & Council												-	-	-	-
Vote 5 - Health												-	-	-	-
Vote 6 - Planning & Development						1 396			1 000			606	3 002	5 000	8 212
Vote 7 - Public Safety												-	-	-	-
Vote 8 - Sport & Recreation												-	-	-	-
Vote 9 - Waste Management			675			2 000			2 000			-	4 675	4 658	1 750
Vote 10 - Water												-	-	-	-
Vote 11 - [NAME OF VOTE 11]												-	-	-	-
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital single-year expenditure sub-total	-	-	1 325	-	-	5 196	-	-	3 800	-	-	606	10 927	9 658	9 962
Total Capital Expenditure	-	-	1 325	-	-	5 196	-	-	3 800	-	-	606	10 927	9 658	9 962

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2013/14												Medium-term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	650	-	-	1 000	-	-	-	-	-	-	1 650	-	-
Community and social services	-	-	650	-	-	1 000	-	-	-	-	-	-	1 650	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	-	-	-	-	-	1 396	-	-	1 000	-	-	606	3 002	5 000	8 212
Planning and development	-	-	-	-	-	1 396	-	-	1 000	-	-	606	3 002	5 000	8 212
Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	675	-	-	2 800	-	-	2 800	-	-	-	6 275	4 658	1 750
Electricity	-	-	-	-	-	800	-	-	800	-	-	-	1 600	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	675	-	-	2 000	-	-	2 000	-	-	-	4 675	4 658	1 750
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	-	-	1 325	-	-	5 196	-	-	3 800	-	-	606	10 927	9 658	9 962

Table 52 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Cash Receipts By Source													1		
Property rates	126	126	126	4 157	126	126	126	126	126	126	126	524	5 940	6 523	6 972
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	812	812	812	812	812	812	812	812	812	812	812	812	9 741	10 203	10 743
Service charges - water revenue	359	359	359	359	359	359	359	359	359	359	359	359	4 308	4 556	4 830
Service charges - sanitation revenue	231	231	231	231	231	231	231	231	231	231	231	230	2 767	2 807	3 133
Service charges - refuse revenue	205	205	205	205	205	205	205	205	205	205	205	205	2 462	2 618	2 784
Service charges - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	42	42	42	42	42	42	42	42	42	42	42	42	501	533	567
Interest earned - external investments	32	32	32	32	32	32	32	32	32	32	32	32	380	403	427
Interest earned - outstanding debtors	159	159	159	159	159	159	159	159	159	159	159	159	1 908	1 908	2 022
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	652	652	652	652	652	652	5 871	4 892	2 935	652	652	652	19 569	20 216	21 427
Licences and permits	46	46	46	46	46	46	46	46	46	46	46	46	555	581	628
Agency services	1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Transfer receipts - operational	11 493	45	45	45	6 447	45	45	45	4 895	45	45	589	23 785	25 209	29 088
Other revenue	43	43	43	43	43	43	43	43	43	43	43	72	547	570	551
Cash Receipts by Source	14 201	2 753	2 753	6 783	9 155	2 753	7 971	6 993	9 886	2 753	2 753	3 723	72 476	76 139	83 186
Other Cash Flows by Source															
Transfer receipts - capital	3 824	—	—	—	3 824	—	—	—	3 278	—	—	3 200	14 127	9 658	9 962
Contributions recognised - capital & Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	224	224	25	27
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	1	1	1	1	1	1	1	1	1	1	1	1	15	16	17
Decrease (increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	(81)	(81)	(85)	(89)
Total Cash Receipts by Source	18 026	2 754	2 754	6 785	12 980	2 754	7 972	6 994	13 165	2 754	2 754	7 067	86 761	85 753	93 103
Cash Payments by Type															
Employee related costs	3 996	2 885	2 032	2 421	2 203	2 711	2 738	2 174	2 031	2 421	2 056	2 513	30 181	32 560	35 903
Remuneration of councillors	203	203	203	203	203	203	250	241	241	241	241	104	2 535	2 687	2 849
Finance charges	54	54	54	54	54	54	54	54	54	54	54	55	649	717	709
Bulk purchases - Electricity	1 536	1 445	506	506	506	506	506	506	506	506	506	1 362	8 896	9 608	10 376
Bulk purchases - Water & Sewer	83	79	27	27	27	27	27	27	27	27	27	74	483	512	543
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	426	317	317	574	317	614	3 565	2 971	1 782	317	317	367	11 883	12 675	13 071
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	1 496	374	374	374	374	374	374	374	376	4 490	4 568	4 796
Other expenditure	1 655	1 655	1 655	1 655	1 655	1 655	1 655	1 655	1 655	1 655	1 655	1 655	19 865	22 058	23 793
Cash Payments by Type	7 953	6 638	4 794	6 937	5 340	6 145	9 170	8 003	6 671	5 595	5 231	6 505	78 982	85 385	92 040
Other Cash Flows/Payments by Type															
Capital assets	—	—	1 325	—	—	5 196	—	—	3 800	—	—	606	10 927	9 658	9 962
Repayment of borrowing	35	35	35	35	35	35	35	35	35	35	35	35	421	468	266
Other Cash Flow s/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	7 988	6 673	6 154	6 972	5 375	11 376	9 205	8 038	10 506	5 631	5 266	7 147	90 330	95 512	102 268
NET INCREASE/(DECREASE) IN CASH HELD	10 038	(3 919)	(3 400)	(187)	7 606	(8 622)	(1 232)	(1 044)	2 659	(2 877)	(2 512)	(79)	(3 569)	(9 758)	(9 165)
Cash/cash equivalents at the month/year beginning	5 900	15 938	12 019	8 619	8 432	16 037	7 415	6 183	5 139	7 798	4 922	2 410	5 900	2 331	(7 428)
Cash/cash equivalents at the month/year end	15 938	12 019	8 619	8 432	16 037	7 415	6 183	5 139	7 798	4 922	2 410	2 331	2 331	(7 428)	(16 592)

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 53 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 medium term revenue & expenditure framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Service charges - water revenue	12 280	3 936	5 419	3 458		4 861	4 711	4 981	5 281
Service charges - other	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	-9039421	-223370	-823368	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	3240794.3	3712642	4595806	3458423	-	4861423	4711460	4980959	5280856
Expenditure By Type									
Employee related costs	615873.48	697746.8	727217.7	1008767		1078449	935785.8	995676.1	1055417
Remuneration of councillors	-	-	-	-	-	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	872889.36	876009.7	998526.7	925749.9	-	925750	981295	1045557	1114027
Finance charges	-	-	-	-	-	-	-	-	-
Bulk purchases	430178.18	425970.7	448308.1	483465	-	562188	483465	512473	543221
Other materials	252991.58	432310.7	204217.4	515000	-	515000	210000	195000	180000
Contracted services	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	3167026.2	4265888	2458387	1449601	-	1764551	2234326	2260345	2551846
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	5338958.8	6697926	4836657	4382582	-	4845938	4844872	5009051	5444511
Surplus/(Deficit)	8579753.1	10410567	9432463	7841005	0	9707361	9556332	9990010	10725366
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	-	-

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of the Director, one deputy director, a line manager and operational staff.

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	13 372	5 028	10 205	9 950	-	9 950	9 277	9 658	9 962
Infrastructure - Road transport	1 778	1 968	4 269	4 614	-	4 614	3 002	5 000	8 212
<i>Roads, Pavements & Bridges</i>	1 778	1 968	4 269	4 614	-	4 614	3 002	5 000	8 212
<i>Storm water</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	2 415	1 304	798	-	-	-	1 600	-	-
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	2 415	1 304	798	-	-	-	1 600	-	-
<i>Street Lighting</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Water	8 544	1 146	222	-	-	-	-	-	-
<i>Dams & Reservoirs</i>	8 544	1 146	222	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	635	610	4 428	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	635	610	4 428	-	-	-	-	-	-
Infrastructure - Other	-	-	488	5 336	-	5 336	4 675	4 658	1 750
<i>Waste Management</i>	-	-	488	5 336	-	5 336	4 675	4 658	1 750
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Community	-	-	221	1 560	-	1 560	1 650	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	221	1 560	-	1 560	1 650	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	2 288	1 119	2 558	1 455	-	1 455	-	-	-
General vehicles	10	120	237	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	190	10	322	-	-	-	-	-	-
Computers - hardware/equipment	221	36	17	-	-	-	-	-	-
Furniture and other office equipment	798	465	1 837	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	1 069	487	145	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	1 455	-	1 455	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-	-	-
Intangibles	44	-	10	-	-	-	-	-	-
Computers - software & programming	44	-	10	-	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	15 704	6 147	12 994	12 965	-	12 965	10 927	9 658	9 962
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	748	974	781	3 240	-	5 140	665	681	718
Infrastructure - Road transport	294	503	279	1 110	-	3 010	340	365	375
<i>Roads, Pavements & Bridges</i>	294	503	279	1 110	-	3 010	340	365	375
<i>Storm water</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	177	118	309	1 665	-	1 665	215	191	203
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	170	118	280	1 610	-	1 610	160	171	183
<i>Street Lighting</i>	8	-	29	55	-	55	55	20	20
Infrastructure - Water	196	330	126	365	-	365	70	75	80
<i>Dams & Reservoirs</i>	-	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation Water</i>	196	330	126	365	-	365	70	75	80
Infrastructure - Sanitation	81	22	67	100	-	100	40	50	60
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	81	22	67	100	-	100	40	50	60
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>	-	-	-	-	-	-	-	-	-
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Community	6	2	16	201	-	201	41	51	58
Parks & gardens	3	1	-	120	-	120	10	15	17
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	2	1	1	1	-	1	1	1	1
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	1	0	16	80	-	80	30	35	40
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	800	1 179	1 100	1 585	-	1 979	1 012	917	984
General vehicles	341	714	474	715	-	879	585	438	431
Specialised vehicles	68	34	9	100	-	100	15	17	19
Plant & equipment	1	4	-	55	-	55	60	64	67
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	134	246	136	472	-	482	232	259	297
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	255	180	481	243	-	463	120	140	170
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1 553	2 154	1 897	5 026	-	7 320	1 718	1 650	1 760
Specialised vehicles	68	34	9	100	-	100	15	17	19
Refuse	68	34	9	100	-	100	15	17	19
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
R&M as a % of PPE	1.3%	1.8%	1.5%	3.9%	0.0%	5.5%	1.2%	1.2%	1.2%
R&M as % Operating Expenditure	2.6%	3.2%	2.6%	5.8%	0.0%	8.3%	1.9%	1.7%	1.7%

Table 57 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure							
Vote 1 - Budget & Treasury	-	-	-				
Vote 2 - Community & Social Services	1 650	-	-				
Vote 3 - Electricity	1 600	-	-				
Vote 4 - Executive & Council	-	-	-				
Vote 5 - Health	-	-	-				
Vote 6 - Planning & Development	3 002	5 000	8 212				
Vote 7 - Public Safety	-	-	-				
Vote 8 - Sport & Recreation	-	-	-				
Vote 9 - Waste Management	4 675	4 658	1 750				
Vote 10 - Water	-	-	-				
Vote 11 - [NAME OF VOTE 11]	-	-	-				
Vote 12 - [NAME OF VOTE 12]	-	-	-				
Vote 13 - [NAME OF VOTE 13]	-	-	-				
Vote 14 - [NAME OF VOTE 14]	-	-	-				
Vote 15 - [NAME OF VOTE 15]	-	-	-				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	10 927	9 658	9 962	-	-	-	-
Future operational costs by vote							
Vote 1 - Budget & Treasury							
Vote 2 - Community & Social Services							
Vote 3 - Electricity							
Vote 4 - Executive & Council							
Vote 5 - Health							
Vote 6 - Planning & Development							
Vote 7 - Public Safety							
Vote 8 - Sport & Recreation							
Vote 9 - Waste Management							
Vote 10 - Water							
Vote 11 - [NAME OF VOTE 11]							
Vote 12 - [NAME OF VOTE 12]							
Vote 13 - [NAME OF VOTE 13]							
Vote 14 - [NAME OF VOTE 14]							
Vote 15 - [NAME OF VOTE 15]							
<i>List entity summary if applicable</i>							
Total future operational costs	-	-	-	-	-	-	-
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	10 927	9 658	9 962	-	-	-	-

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project Information	
									Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>															
Ubuntu Upgrading of Streets (c)				Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					3 002	5 000	8 212	All wards	Renewal
Construction Phases A				Yes	Infrastructure - Other	Other					4 675			4	New
Construction Phases A				Yes	Infrastructure - Other	Other					-	2 650		3	New
Installation of 4 High Masks				Yes	Infrastructure - Electricity	Street Lighting					1 600			1,2,3	New
Rehabilitation Phases B				Yes	Infrastructure - Other	Other					-	1 550		3	Renewal
Rehabilitation Phases B				Yes	Infrastructure - Other	Other					-	458	1 750	4	Renewal
Victoria West Graveyards				Yes	Investment Properties	Cemeteries					1 650			4	New
Parent Capital expenditure											10 927	9 658	9 962		
Entities: <i>List all capital projects grouped by Entity</i>															
Entity A Water project A															
Entity B Electricity project B															
Entity Capital expenditure									-	-	-	-	-		
Total Capital expenditure									-	-	10 927	9 658	9 962		
<i>References</i>															

Table 59 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
						Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand					Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>		<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>										
Entity Name <i>Project name</i>										

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Monthly portfolio meetings are scheduled but not all of them could materialise

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. All of the contracts expired, however they are all on a month to month contract. Four more interns have subsequently being appointed and will also undergo the MFMIP Programme.

3. Budget and Treasury Office

The Budget and Treasury Office has not been formally established in accordance with the MFMA. Currently the department of Finance only operate with three permanent staff members, 9 interns which are being utilized to perform some functions within the finance Department and a CFO.

4. Audit Committee

An Audit Committee has been established and is functional, however it is used on a shared basis.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2010 directly aligned and informed by the 2013/14 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with, however it is still far below the prescribes.

2.14 Other supporting documents

Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	5 061	2 851	3 962	6 893		6 893	6 893	7 307	7 907	8 445
less Revenue Foregone	919	319	686	697		1 207	1 207	850	739	783
Net Property Rates	4 142	2 533	3 296	6 196	—	5 687	5 687	6 457	7 168	7 662
Service charges - electricity revenue										
Total Service charges - electricity revenue	5 866	7 236	7 935	10 178		10 127	10 127	10 475	11 212	11 806
less Revenue Foregone										
Net Service charges - electricity revenue	5 866	7 236	7 935	10 178	—	10 127	10 127	10 475	11 212	11 806
Service charges - water revenue										
Total Service charges - water revenue	3 232	3 706	4 579	3 431		4 834	4 834	4 683	4 952	5 251
less Revenue Foregone										
Net Service charges - water revenue	3 232	3 706	4 579	3 431	—	4 834	4 834	4 683	4 952	5 251
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	1 596	2 298	2 553	4 517		3 629	3 629	3 008	3 051	3 406
less Revenue Foregone										
Net Service charges - sanitation revenue	1 596	2 298	2 553	4 517	—	3 629	3 629	3 008	3 051	3 406
Service charges - refuse revenue										
Total refuse removal revenue	2 235	2 431	2 834	3 268		3 269	3 269	2 677	2 845	3 026
Total landfill revenue	—	—	—	—		—	—	—	—	—
less Revenue Foregone	—	—	—	—		—	—	—	—	—
Net Service charges - refuse revenue	2 235	2 431	2 834	3 268	—	3 269	3 269	2 677	2 845	3 026
Other Revenue by source										
Fuel levy	—	—	—	—		—	—	—	—	—
Third Party Payments	276	28	208	—		300	300	250	265	281
Sale of Goods	34	—	—	35		35	35	20	25	30
Public Contributions and Donations	684	499	1 766	30		10	10	10	10	10
Actuarial Gains	14	—	32	—		—	—	—	—	—
Fair Value Adjustments	—	22	70	—		—	—	—	—	—
Other revenue	423	124	155	210		393	393	291	307	325
Total 'Other' Revenue	1 431	673	2 261	275	—	738	738	571	607	646
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	9 384	11 889	14 241	18 101		18 453	18 453	21 103	22 490	24 116
Pension and UIF Contributions	1 537	1 762	2 104	4 620		2 868	2 868	4 089	4 565	4 876
Medical Aid Contributions	234	245	324	395		450	450	379	432	457
Overtime	625	1 103	1 188	1 369		1 082	1 082	1 106	1 368	1 440
Performance Bonus	508	748	732	1 178		801	801	1 330	1 417	1 525
Motor Vehicle Allowance	658	604	854	775		1 040	1 040	1 044	1 110	1 177
Cellphone Allowance	26	25	43	537		49	49	48	51	54
Housing Allowances	48	47	45	98		44	44	50	54	57
Other benefits and allowances	61	213	178	169		665	665	239	257	276
Payments in lieu of leave	44	275	145	361		938	938	1 055	1 115	1 182
Long service awards	8	4	78	—		—	—	—	—	—
Post-retirement benefit obligations	79	90	99	400		270	270	344	365	387
sub-total	13 211	17 005	20 059	28 606	—	26 660	26 660	30 797	33 225	35 547
Less: Employees costs capitalised to PPE	—	—	—	—		—	—	—	—	—
Total Employee related costs	13 211	17 005	20 059	28 606	—	26 660	26 660	30 797	33 225	35 547
Contributions recognised - capital										
None	—	—	—	—		—	—	—	—	—
Total Contributions recognised - capital	—	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	5 134	5 403	5 284	5 724		5 724	5 724	6 263	6 385	6 751
Lease amortisation	—	—	—	—		—	—	—	—	—
Capital asset impairment	0	1	0	—		—	—	—	—	—
Depreciation resulting from revaluation of PPE	—	—	—	—		—	—	—	—	—
Total Depreciation & asset impairment	5 134	5 404	5 284	5 724	—	5 724	5 724	6 263	6 385	6 751
Bulk purchases										
Electricity Bulk Purchases	5 554	7 113	8 425	8 834		9 234	9 234	9 364	10 113	10 922
Water Bulk Purchases	430	426	488	483		562	562	483	512	543
Total bulk purchases	5 984	7 539	8 913	9 317	—	9 796	9 796	9 847	10 625	11 465
Transfers and grants										
Cash transfers and grants	2 508	3 430	3 863	4 827	—	4 827	4 827	4 330	4 568	4 796
Non-cash transfers and grants	151	118	101	159		159	159	160	—	—
Total transfers and grants	2 659	3 548	3 964	4 986	—	4 986	4 986	4 490	4 568	4 796
Contracted services										
Traffic Systems	9 873	12 558	12 323	10 710		10 702	10 702	12 003	12 803	13 204
sub-total	9 873	12 558	12 323	10 710	—	10 702	10 702	12 003	12 803	13 204
Allocations to organs of state:										
Electricity	—	—	—	—		—	—	—	—	—
Water	—	—	—	—		—	—	—	—	—
Sanitation	—	—	—	—		—	—	—	—	—
Other	—	—	—	—		—	—	—	—	—
Total contracted services	9 873	12 558	12 323	10 710	—	10 702	10 702	12 003	12 803	13 204
Other Expenditure By Type										
Collection costs	—	—	—	—		—	—	—	—	—
Contributions to 'other' provisions	—	—	—	—		—	—	—	—	—
Consultant fees	1 230	960	1 289	1 800		1 800	1 800	1 800	1 908	2 022
Audit fees	181	150	282	1 496		1 094	1 094	814	1 119	1 588
General expenses	83	46	80	105		105	105	70	90	100
Advertising	297	425	414	146		325	325	303	323	346
Bank Charges	—	350	115	2 400		2 400	2 400	—	—	—
Job Creation	76	169	2	220		150	150	150	165	190
Entertainment Expenses	501	1 842	1 286	1 600		1 600	1 600	800	1 600	1 600
Professional Fees	120	218	116	125		405	405	458	486	516
Membership Fees	784	998	1 367	986		934	934	987	1 081	1 185
Fuel Cost	20	34	21	90		90	90	40	55	60
Legal Cost	148	222	438	255		275	275	258	276	301
License Fees	289	292	327	481		481	481	389	452	505
Insurance	10	38	58	—		—	—	—	—	—
Penalties	352	—	—	—		—	—	—	—	—
Project Expenditure - Own Funds	44	36	—	60		60	60	35	42	47
Paupers Funerals	162	207	227	223		297	297	267	280	297
Printing and stationery	106	155	131	277		352	352	267	238	262
Safety clothes	163	9	20	182		202	202	240	242	265
Tyres	114	139	170	176		201	201	5 365	5 709	6 051
Skills development levy	199	227	276	305		288	288	269	289	304
Telephone	103	26	209	635		375	375	237	404	443
Training	901	914	1 201	1 295		1 857	1 857	1 775	1 781	1 938
Travel and subsistence	100	—	—	100		100	100	100	100	100
Contribution to Womens League	32	59	63	60		60	60	250	266	284
Water Research	194	686	1 957	—		—	—	—	—	—
Actuarial Losses	1 553	2 154	1 897	5 026		7 320	7 320	1 718	1 650	1 760
Repairs and maintenance	1 287	4 564	2 217	3 050		3 058	3 058	3 300	3 529	3 760
Operating grant expenditure	38	—	—	—		—	—	—	—	—
Fair Value Adjustments	56	—	166	—		—	—	—	—	—
Stock Adjustments	—	—	—	—		—	—	—	—	—
Departmental Charges	—	—	—	—		—	—	—	—	—
Total 'Other' Expenditure	9 142	14 997	14 364	21 093	—	23 828	23 828	19 892	22 085	23 924
Repairs and Maintenance										
Employee related costs	—	—	—	—		—	—	—	—	—
Other materials	1 553	2 154	1 897	5 026		7 320	7 320	1 718	1 650	1 760
Contracted Services	—	—	—	—		—	—	—	—	—
Other Expenditure	—	—	—	—		—	—	—	—	—
Total Repairs and Maintenance Expenditure	1 553	2 154	1 897	5 026	—	7 320	7 320	1 718	1 650	1 760

Table 61 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Budget & Treasury	Vote 2 - Community & Social Services	Vote 3 - Electricity	Vote 4 - Executive & Council	Vote 5 - Health	Vote 6 - Planning & Development	Vote 7 - Public Safety	Vote 8 - Sport & Recreation	Vote 9 - Waste Management	Vote 10 - Water	Total
R thousand											
Revenue By Source											
Property rates	6 457	–	–	–	–	–	–	–	–	–	6 457
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	10 475	–	–	–	–	–	–	–	10 475
Service charges - water revenue	–	–	–	–	–	–	–	–	–	4 683	4 683
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	3 008	–	3 008
Service charges - refuse revenue	–	–	–	–	–	–	–	–	2 677	–	2 677
Service charges - other	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	79	75	–	356	10	19	–	–	–	–	539
Interest earned - external investments	380	–	–	–	–	–	–	–	–	–	380
Interest earned - outstanding debtors	1 908	–	–	–	–	–	–	–	–	–	1 908
Dividends received	–	–	–	–	–	–	–	–	–	–	–
Fines	–	19 569	–	–	–	–	–	–	–	–	19 569
Licences and permits	–	555	–	–	–	–	–	–	–	–	555
Agency services	12	–	–	–	–	–	–	–	–	–	12
Other revenue	390	27	29	18	–	63	2	10	3	29	571
Transfers recognised - operational	21 940	845	–	–	–	–	–	–	–	–	22 785
Gains on disposal of PPE	–	200	–	–	–	25	–	–	–	–	225
Total Revenue (excluding capital transfers and	31 166	21 270	10 504	373	10	108	2	10	5 687	4 711	73 842
Expenditure By Type											
Employee related costs	6 417	9 110	1 246	801	–	7 571	–	–	4 717	936	30 797
Remuneration of councillors	–	–	–	2 587	–	–	–	–	–	–	2 587
Debt impairment	3 364	–	30	–	–	–	–	–	160	100	3 655
Depreciation & asset impairment	–	861	721	35	–	3 665	–	–	–	981	6 263
Finance charges	55	288	–	–	–	–	–	–	306	–	649
Bulk purchases	–	–	9 364	–	–	–	–	–	–	483	9 848
Other materials	–	–	–	–	–	–	–	–	–	–	–
Contracted services	–	12 003	–	–	–	–	–	–	–	–	12 003
Transfers and grants	160	–	753	–	–	–	–	–	2 508	1 069	4 490
Other expenditure	6 481	2 319	643	7 285	–	975	182	10	1 125	872	19 892
Loss on disposal of PPE	–	–	–	–	–	–	–	–	1	–	1
Total Expenditure	16 478	24 580	12 757	10 708	–	12 210	182	10	8 817	4 442	90 184
Surplus/(Deficit)	14 688	(3 310)	(2 253)	(10 334)	10	(12 103)	(180)	–	(3 130)	270	(16 342)
Transfers recognised - capital	–	–	–	–	–	15 127	–	–	–	–	15 127
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	14 688	(3 310)	(2 253)	(10 334)	10	3 024	(180)	–	(3 130)	270	(1 215)

Table 62 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
ASSETS										
<u>Call investment deposits</u>										
Call deposits < 90 days	4 219	4 486	916	–		–	–	6 500	–	–
Other current investments > 90 days	–	–	–	–		–	–	–	–	–
Total Call investment deposits	4 219	4 486	916	–	–	–	–	6 500	–	–
<u>Consumer debtors</u>										
Consumer debtors	20 166	22 728	26 809	25 141		28 685	28 685	30 980	33 459	36 135
Less: Provision for debt impairment	(17 801)	(20 486)	(24 769)	(23 780)		(25 943)	(25 943)	(27 598)	(28 963)	(30 834)
Total Consumer debtors	2 364	2 242	2 039	1 361	–	2 742	2 742	3 382	4 496	5 301
<u>Debt impairment provision</u>										
Balance at the beginning of the year	10 643	17 801	20 486	22 606		24 769	24 769	25 943	27 598	28 963
Contributions to the provision	11 932	2 862	4 581	3 174		3 174	3 174	3 655	3 364	3 871
Bad debts written off	(4 773)	(177)	(298)	(2 000)		(2 000)	(2 000)	(2 000)	(2 000)	(2 000)
Balance at end of year	17 801	20 486	24 769	23 780	–	25 943	25 943	27 598	28 963	30 834
<u>Property, plant and equipment (PPE)</u>										
PPE at cost/valuation (excl. finance leases)	133 135	139 281	150 846	159 973		163 811	163 811	174 738	184 396	194 358
Leases recognised as PPE	308	308	1 156	308		1 156	1 156	1 156	1 156	1 156
Less: Accumulated depreciation	14 941	20 312	25 330	31 086		31 027	31 027	37 262	43 620	50 345
Total Property, plant and equipment (PPE)	118 502	119 278	126 672	129 194	–	133 940	133 940	138 632	141 932	145 170
LIABILITIES										
<u>Current liabilities - Borrowing</u>										
Short term loans (other than bank overdraft)	–	–	–	–		–	–	–	–	–
Current portion of long-term liabilities	198	231	378	198		421	421	468	266	94
Total Current liabilities - Borrowing	198	231	378	198	–	421	421	468	266	94
<u>Trade and other payables</u>										
Trade and other creditors	6 532	7 456	5 477	7 585		5 861	5 861	6 330	6 836	7 383
Unspent conditional transfers	(60)	4 267	4 279	4 267		70	70	70	70	70
VAT	1 525	211	925	209		990	990	990	990	990
Total Trade and other payables	7 997	11 933	10 681	12 061	–	6 921	6 921	7 390	7 896	8 443
<u>Non current liabilities - Borrowing</u>										
Borrowing	750	597	423	175		225	225	–	–	–
Finance leases (including PPP asset element)	172	95	827	68		604	604	361	94	–
Total Non current liabilities - Borrowing	922	692	1 250	244	–	829	829	361	94	–
<u>Provisions - non-current</u>										
Retirement benefits	3 343	3 424	5 433	3 847		5 813	5 813	6 220	6 655	7 121
List other major provision items										
Refuse landfill site rehabilitation	724	761	799	625		839	839	881	925	–
Other	62	661	727	743		778	778	832	890	953
Total Provisions - non-current	4 129	4 846	6 959	5 214	–	7 430	7 430	7 933	8 471	8 074
CHANGES IN NET ASSETS										
<u>Accumulated Surplus/(Deficit)</u>										
Accumulated Surplus/(Deficit) - opening balance	123 471	128 202	122 034	105 264		124 341	124 341	150 680	149 241	152 245
GRAP adjustments	2 451	–	–	–		–	–	–	–	–
Restated balance	125 922	128 202	122 034	105 264	–	124 341	124 341	150 680	149 241	152 245
Surplus/(Deficit)	2 281	(6 168)	2 306	(3 591)	–	(4 545)	(4 545)	(1 215)	(8 094)	(7 175)
Appropriations to Reserves	–	–	–	–		–	–	–	–	–
Transfers from Reserves	–	–	–	–		–	–	–	–	–
Depreciation offsets	–	–	–	–		–	–	–	–	–
Other adjustments	–	–	–	–		–	–	–	–	–
Accumulated Surplus/(Deficit)	128 202	122 034	124 341	101 673	–	119 796	119 796	149 465	141 147	145 070
<u>Reserves</u>										
Housing Development Fund	–	–	–	–		–	–	–	–	–
Capital replacement	–	–	–	1 059		–	–	–	–	–
Self-insurance	–	–	–	–		–	–	–	–	–
Other reserves	–	–	–	–		–	–	–	–	–
Revaluation	–	–	–	–		–	–	–	–	–
Total Reserves	–	–	–	1 059	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	128 202	122 034	124 341	102 733	–	119 796	119 796	149 465	141 147	145 070

Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		STATSA		16	16	16	16	16	19			
Females aged 5 - 14		STATSA	3	2	-	2	2	2	-			
Males aged 5 - 14		STATSA	2	2	-	2	2	2	-			
Females aged 15 - 34		STATSA	3	3	-	3	3	3	-			
Males aged 15 - 34		STATSA	3	3	-	3	3	3	-			
Unemployment		STATSA	2	2	-	2	2	2	3			
Monthly household income (no. of households)	1, 12											
No income		STATSA	10 722	10 152		10 152	10 152	10 152	7 891			
R1 - R1 600		STATSA	1 600	1 572		1 572	1 572	1 572	3 079			
R1 601 - R3 200		STATSA	4 167	2 682		2 682	2 682	2 682	935			
R3 201 - R6 400		STATSA	361	710		710	710	710	3 046			
R6 401 - R12 800		STATSA	350	522		522	522	522	999			
R12 801 - R25 600		STATSA	515	405		405	405	405	597			
R25 601 - R51 200		STATSA	122	217		217	217	217	476			
R52 201 - R102 400		STATSA	12	71		71	71	71	282			
R102 401 - R204 800		STATSA	22	16		16	16	16	82			
R204 801 - R409 600		STATSA	14	14		14	14	14	27			
R409 601 - R819 200		STATSA	-	13		13	13	13	18			
> R819 200		STATSA	-	-		-	-	-	-			
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2	MUNICIPAL INFORMATION	-	-	-	1560.00	1776.00	1490.00	1723.00	1800.00	1900.00	2000.00
Household/demographics (000)												
Number of people in municipal area		STATSA	-	16 375	16 153	16	16	16	19	19	19	19
Number of poor people in municipal area		MUNICIPAL DATA	-	-	-	2	2	1	2	2	2	2
Number of households in municipal area		STATSA AND MUNICIPAL DATA	-	-	-	4	4	4	5	6	6	6
Number of poor households in municipal area		MUNICIPAL DATA	-	-	-	2	2	1	2	2	2	2
Definition of poor household (R. per month)		MUNICIPAL DATA	-	-	-	1 100	1 100	1 640	2 280	-	-	-
Housing statistics												
Formal	3	STATSA		4 770	4 570	4 570	4 570	4 570				
Informal		STATSA		164	548	548	548	548				
Total number of households			-	4 934	5 118	5 118	5 118	5 118	-	-	-	-
Dwellings provided by municipality	4		-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s			201	35	287	50	-	20	60	70	200	850
Dwellings provided by private sector	5		-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			201	35	287	50	-	20	60	70	200	850
Economic												
Inflation/inflation outlook (CPIX)	6											
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Total municipal services	Ref.		2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Household service targets (000)									
		<u>Water:</u>									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
8		Using public tap (at least min.service level)									
10		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
9		Using public tap (< min.service level)									
10		Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)									
		Flush toilet (w ith septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Energy:</u>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Refuse:</u>									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
Municipal in-house services	Ref.		2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Household service targets (000)									
		<u>Water:</u>									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
8		Using public tap (at least min.service level)									
10		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
9		Using public tap (< min.service level)									
10		Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)									
		Flush toilet (w ith septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Energy:</u>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Refuse:</u>									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Municipal entity services	Ref.		2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Name of municipal entity		<u>Household service targets (000)</u>									
		<u>Water:</u>									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
Name of municipal entity		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
Name of municipal entity		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Energy:</u>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
Name of municipal entity		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Refuse:</u>									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
Services provided by 'external mechanisms'		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Household service targets (000)</u>									
		<u>Water:</u>									
		Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
Names of service providers		Using public tap (< min.service level)									
	9	Other water supply (< min.service level)									
	10	No water supply									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
Names of service providers		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Energy:</u>									
		Electricity (at least min.service level)									
Names of service providers		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									
		<u>Refuse:</u>									
		Removed at least once a week									
Names of service providers		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households									

Table 64 MBRR SA32 – List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand

2.15 Municipal manager's quality certificate

I, municipal manager of Ubuntu, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Ubuntu (GT485)

Signature _____

Date _____